

170.1

REPORT ON CONTRACTS, AGREEMENTS AND  
STATE COSTS FOR THE GOVERNOR'S TAX  
REDUCTION TASK FORCE

APRIL 1973

ASSEMBLYMEN

# Joint Legislative Audit Committee

GOVERNMENT CODE: SECTIONS 10500-10504

## California Legislature

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September 5, 1973

The Honorable President of the Senate  
The Honorable Speaker of the Assembly  
The Honorable Members of the Senate and the  
Assembly of the Legislature of California

Members:

Transmitted herewith is a report prepared in response to questions raised by members of the Legislature on March 21, 1973 and March 27, 1973, relative to state funds used for the Governor's Tax Reduction Task Force.

The report primarily covers contracts for services of task force members payable out of welfare funds amounting to \$30,000 and \$22,000 payable out of unemployment compensation disability funds.

Most of the members of the task force were state employees of various agencies other than the Governor's office. The Governor requested that the task force utilize existing state resources and ordered all departments to give full cooperation to this activity as a top priority of his administration.

After the conclusion of our auditors' review, a May 23, 1973 letter from the Governor's office (Addendum to the report) reported that approximately \$161,318 were spent on the task force from the following sources.

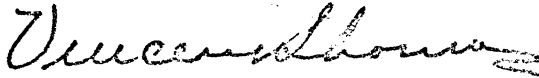
Department of Housing and Urban Development	\$ 19,315
Health and Welfare	103,885
General Services	7,044
Governor's Office	16,024
Department of Finance	2,822
Administrative overhead	11,328
Unspecified	<u>900</u>
	<u>\$161,318</u>

Honorable Members of the Legislature  
of California  
September 5, 1973  
Page 2

No cost records were maintained by employees or agencies participating in the task force activities. This precludes auditing and independently determining the cost of the task force.

The report raises serious questions relative to the controls exercised by the Department of General Services in the review and approval of contracts, and control exercised by the Controller's office to limit payments to those purposes for which the funds were appropriated.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Vincent Thomas", with a stylized flourish at the end.

VINCENT THOMAS, Chairman  
Joint Legislative Audit Committee

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## INTRODUCTION

We have been requested to determine state costs for the Governor's Tax Reduction Task Force. We have reviewed records of the State Controller to identify contracts with and state payments made to persons listed as members, staff, advisors, and consultants to the Governor's Tax Reduction Task Force. (Exhibit "J")

State funds appropriated by the Legislature for operation of the Department of Social Welfare, for the Health Care Deposit Fund, and for the Unemployment Compensation Disability Fund have been, or are planned to be, expended for the Governor's Tax Reduction Task Force.

Serious questions have arisen relative to the controls exercised by the Department of General Services in the review and approval of contracts and the effectiveness of the control exercised by the Controller's office to limit payments to those purposes for which the funds were appropriated. We have discussed these issues with the management of the agencies involved, the Department of General Services, the Controller's office and members of the Governor's Tax Reduction Task Force.

We have been advised by Task Force members through informal discussions that the spendable dollars from state sources are only a small part of the resources used by the Task Force. Other resources are state employees and private contributions including expertise of academic persons. We were advised that the Governor has orally requested agencies to give maximum assistance to the Task Force.

We have sent letters to state agencies and departments requesting information relative to state costs of the Task Force, such as employees salary and travel, which may not be separately identified. The results of this questionnaire and follow-up will be reported at a later date.

## SUMMARY OF FINDINGS

### Page

1. The key contracts which provide spendable state funds for the Governor's Tax Reduction Task Force from sources other than appropriations for the Governor's office are as follows:
  - Interagency Agreement No. 282 (Exhibit "A") in the amount of \$30,000 between the state departments of Social Welfare and Health Care Services to be paid from the appropriation for support of the Department of Social Welfare (Item 255, Chapter 156 of 1972). 7
  - Contract No. 73004458 (Exhibit "G") in the amount of \$22,000 between the Department of Human Resources Development and Mr. Charles D. Hobbs, a member of the Task Force, to be paid from funds appropriated for the administration of unemployment compensation disability benefits (Item 240, Chapter 156 of 1972). Mr. Hobbs' description of his work is attached at Exhibit K. 7
2. The Legislative Counsel has stated that the State Department of Social Welfare's expenditure of funds for the purposes stated in Interagency Agreement No. 282 would be authorized. 9
3. No payments have been made by the Department of Social Welfare to the Department of Health Care Services on Interagency Agreement No. 282. 9



4. Four sub-contracts and payments of \$12,138 have been made from the Health Care Deposit Fund on behalf of the Task Force. The Department of Health Care Services expects to reimburse the Health Care Deposit Fund from Interagency Agreement No. 282. 9
5. The use of the Health Care Deposit Fund to temporarily finance the Task Force is not proper accounting procedure because the funds were not appropriated for that purpose. The Controller's office has no records to indicate that expenditures have been incurred and that it is contemplated that they will be reimbursed under Interagency Agreement No. 282. 10
6. It is apparent that a \$2,500 payment made by the Controller in full payment of a sub-contract is not related to the purposes for which funds were appropriated to the departments of Health Care Services and Social Welfare. Indications are that three other sub-contracts and other expenditures of the Task Force financed from the Health Care Deposit Fund are for general assistance and general purposes of the Task Force. Serious question exists as to the propriety of these expenditures. 10
7. The State Controller is currently questioning the propriety of using the Health Care Deposit Fund to finance the above mentioned sub-contracts and payments. 11

8. Payments of \$10,277.63 have been made prior to March 29, 1973 by the Department of Human Resources Development on Contract No. 73004458 via its revolving fund. No claims have been submitted to the State Controller for reimbursement of the department's revolving fund. The State Controller is currently questioning the propriety of using the Unemployment Compensation Funds to finance this contract. 13
9. The Legislative Counsel has raised serious questions concerning the use of the Unemployment Compensation Insurance Deposit Fund for purposes other than for the administration of unemployment compensation. 13
10. Interagency Agreement No. 282 and Contract No. 73003348 were exempt from review by the Department of Finance because the agencies certified that the provisions of State Administrative Manual Section 1201.13 had been complied with. 12 and 15
11. The Department of General Services which approved Contract No. 73004458 is given wide discretion as to what justification to require. Had the Department of General Services required closer adherence to the guidelines set forth in the State Administrative Manual, questions that now exist relative to Contract No. 73004458 may have been precluded. 16

12. Most of the members and staff of the Task Force are employees of state agencies other than the Governor's office. We are advised that there are no records to indicate employee time and the costs of salary, travel, etc., devoted to the Task Force by these and/or other state employees.

### SOURCES OF FUNDS

The key contracts which provide spendable state funds for the Governor's Tax Reduction Task Force from sources other than appropriations for the Governor's office are as follows:

- Interagency Agreement No. 282 (Exhibit "A") in the amount of \$30,000 between the state departments of Social Welfare and Health Care Services to be paid from the appropriation for support of the Department of Social Welfare (Item 255, Chapter 156 of 1972).
- Contract No. 73004458 (Exhibit "G") in the amount of \$22,000 between the Department of Human Resources Development and Mr. Charles D. Hobbs, a member of the Task Force, to be paid from funds appropriated for the administration of unemployment compensation disability benefits (Item 240, Chapter 156 of 1972). Mr. Hobbs' description of his work is presented as Exhibit K.

#### INTERAGENCY AGREEMENT NO. 282

Interagency Agreement No. 282 in the amount of \$30,000 between the state department of Social Welfare and Health Care Services to be paid from the appropriation for support of the Department of Social Welfare is for the purpose of providing an analysis of the tax impact on welfare spending including the availability and appropriateness of tax resources for welfare-related programs.

#### REASON FOR INTERAGENCY AGREEMENT

At the time of the interagency agreement, Mr. Lewis K. Uhler, who was to direct the Task Force efforts, was Assistant Secretary of the Health and Welfare Agency. The Department of Health Care Services is handling the fiscal services for the Health and Welfare Agency this year because the agency staff is too small to efficiently handle these functions. Informal discussions indicate and the delegation of authority (Exhibit "C") appear to confirm that the purpose of Interagency Agreement No. 282 was to make funds from the Department of Social Welfare available to Mr. Uhler, who at that time was Assistant Secretary of the Health and Welfare Agency.

#### DELEGATION OF AUTHORITY

The Department of Health Care Services, through a delegation order dated October 1, 1972 (Exhibit "C"), authorized Mr. Lewis K. Uhler (not an employee of the department) to sign on behalf of the director on all contracts and accounting documents pertinent to the Governor's Tax Reduction Task Force,

not to exceed the \$30,000 specified in Interagency Agreement No. 282.

Mr. Uhler has affixed the "legal and policy" approval signature on the sub-contracts and payments utilizing the Health Care Deposit Fund. None of the sub-contracts required approval by the Department of Finance because of the small dollar value.

#### PAYMENTS

No payments have been made by the Department of Social Welfare to the Department of Health Care Services on Interagency Agreement No. 282. The agreement provides that payment will be made upon completion of the work of the Task Force.

The Legislative Counsel has stated (Exhibit "B") that the State Department of Social Welfare's expenditure of funds for the purpose of Interagency Agreement No. 282 would be authorized.

#### SUB-CONTRACTS AND PAYMENTS FROM HEALTH CARE DEPOSIT FUND

Four sub-contracts (excluding seven which were subsequently cancelled) have been executed in the amount of \$11,060 (Exhibit "D"). The sub-contracts designate the Health Care Deposit Fund as the source of funds. Payments of \$9,346 (Exhibit "E") have been made from the Health Care Deposit Fund related to the sub-contracts. Other payments amounting to \$2,792 have also been made from the Health Care Deposit Fund on behalf of the Task Force for travel, equipment, etc., (Exhibit "E"). We have been advised that the Department of Health Care Services expects to reimburse the Health Care Deposit Fund from the appropriation for support of the Department of Social Welfare via Interagency Agreement No. 282.

### Propriety of Fiscal Arrangements

The use of the Health Care Deposit Fund to finance four contracts of the Governor's Task Force is, in our opinion, not proper accounting procedure even though the department intends to later reimburse the Health Care Deposit Fund from the appropriation for support of the Department of Social Welfare. The funds to be received from the Department of Social Welfare are for an analysis of the tax impact on welfare spending. Because the funds to be received from Social Welfare are available only for specific purposes which are different from the specific purposes for which the Health Care Deposit Fund is available, they should be kept separate. The Controller's office has no records to indicate that expenditures have been incurred and that it is contemplated that they will be reimbursed under Interagency Agreement No. 282.

### Propriety of Expenditures

One of the four contracts financed from the Health Care Deposit Fund, on which \$2,500 has been paid by the Controller's office, is for the development of a practical method for financing public schools. Although no report has been issued to date, it is apparent that this sub-contract is not related to the purposes for which either the funds of the departments of Social Welfare or Health Care Services were appropriated.

Indications are that three other sub-contracts and other expenditures of the Task Force financed from the Health Care Deposit Fund are for general assistance and general purposes of the Task Force rather than specific services related to health care services or social welfare. This was confirmed through informal discussions with Task Force members. Serious question exists as to the propriety of these expenditures.

### Position of the Controller's Office

The Controller's office has made payments of \$9,346.02 against these four contracts which authorize disbursements amounting to \$11,060 (Exhibit "E"). The Controller's office procedures indicate that the sub-contracts should have been questioned before they were accepted by the Controller's office as a basis to audit claims.

On April 3, 1973, the Controller's office requested the Department of Health Care Services to submit evidence which indicates that all conditions found in the State Administrative Manual Section 1201.13 have been complied with, and the statutory authority for claims under the contracts to be charged to the Health Care Deposit Fund and budgetary authorization for such expenditures (Exhibit "F"). As found in Section 1201.13, the following is included in the criteria that must be met if the contracts are to be considered exempt from the Department of Finance approval:

"The purposes are consistent with approved program, with legislative intent, and with the administration (Governor) policy. The contract does not provide for new, expanded, or exploratory programs in this or any subsequent fiscal year or require supplemental financing which has not already been properly secured."

This certification in each case was signed by Mr. Lewis K. Uhler. The Controller's office is still reviewing the sub-contracts and payments in question.



### CANCELLED SUB-CONTRACTS

The records of the Health Care Deposit Fund as of March 1, 1973, show that \$45,540.41 was encumbered at that date (an over encumbrance of Interagency Agreement No. 282 of \$15,540.41). On March 23, 1973, seven sub-contracts were cancelled.

Five of the sub-contracts in the total amount of \$6,044.76 were between the departments of Social Welfare and Health Care Services and were to provide the Governor's Tax Reduction Task Force with the services of employees of the Department of Social Welfare.

One contract in the amount of \$6,654.76 was between the departments of Social Welfare and Health Care Services to provide the services of one of the Department of Social Welfare's Programming Systems Bureau employees for the period of November and December 1972, and computer and key punch time to develop programs to analyze the present tax and expenditure data for the Governor's Tax Reduction Task Force.

Contract No. AGR-1295 was entered into on December 15, 1972, between the Department of Health Care Services and Mr. Charles D. Hobbs in the amount of \$22,000. The source of funds designated for this cancelled contract was the Health Care Deposit Fund.

An identical contract, Contract No. 73004458 (Exhibit "H"), has been executed between the Department of Human Resources and Mr. Charles D. Hobbs.

CONTRACT NO. 73004458

Contract No. 73004458 in the amount of \$22,000 between the Department of Human Resources Development and Mr. Charles D. Hobbs, a member of the Task Force, is to be paid from Item 240, Chapter 156 of 1972, which is appropriated for the administration of unemployment compensation disability benefits. Mr. Hobs' description of his duties under the contract are attached as Exhibit K.

PAYMENTS

Although payments of \$10,277.63 have been made by the Department of Human Resources Development on their revolving fund for services during December 1972 and January and February 1973, the Department has not submitted claims to the State Controller for reimbursement of the Department's revolving fund.

PROPRIETY OF PAYMENTS

The contract provides that the contractor "...act as Special Consultant to the Governor's office for tax and spending programs." His duties, as described in the contract, are not specifically related to unemployment compensation disability benefits. Based upon the provisions of this contract, the Legislative Counsel has raised serious questions concerning the use of the Unemployment Compensation Insurance Disability Fund for purposes other than the administration of unemployment compensation.

No reports have been issued which may further indicate the nature of the work. The invoices include no documentation to evidence whether the expenditures relate specifically to unemployment compensation disability benefits or to the Governor's Tax Reduction Task Force in general. Informal discussions with members of the Task Force indicate that activities that Mr. Hobbs is working on have as much benefit to other agencies in state government as to the Department of Human Resources Development.

POSITION OF MANAGEMENT OF THE  
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Contract No. 73004458 was approved by management of the Department of Human Resources. Their basis for approval as provided to us is as follows:

"In early November 1972 the Department of HRD was requested by the Governor's Office to participate in funding of a contract for a consultant to the Governor's Tax Reduction Task Force."

"Since the Department of Human Resources Development is involved in the collection and administration of three tax programs, State Personal Income Tax, State Unemployment Insurance Tax and State Disability Insurance Program, it was agreed that since Department of Human Resources Development would benefit from the study, DHRD should fund a portion of the cost of a consultant to perform a study of tax collection and spending, as part of the Governor's Tax Reduction Task Force Study."

The payments made by the Department of Human Resources Development have been charged directly to the Unemployment Compensation Disability Fund. However, HRD management has advised in informal discussions that they can allocate the charges to other funds, and that they don't know which of the funds available to them will ultimately be charged and that they have no time constraints on making these decisions. They also caution that there are

"trade-offs" and the use of the Unemployment Compensation Disability Fund for Contract No. 73004458 should not be taken "out-of-context". They state that other contracts which benefit all three of the department's three tax programs are charged to one program.

At a legislative committee meeting on April 3, 1973, a spokesman of the Department of Human Resources Development stated that there was no direct connection between the contract and the Unemployment Compensation Disability Fund.

The Department of Finance was not required to approve the contract because the department certified that the conditions set forth in State Administrative Manual Section 1201.13 had been complied with.

#### POSITION OF THE CONTROLLER'S OFFICE

The State Controller's office has informally advised us that they plan to stop all payments on this contract, at least temporarily until questions have been resolved. The Controller's office procedures indicate that the contract should have been questioned by the contract review section. This section reviews the propriety of purpose related to the designated source of funds.

On April 4, 1973, the Controller's office requested the Department of Human Resources Development to provide evidence which links the duties of Mr. Hobbs under Contract No. 73004458 to the Unemployment Compensation Disability Fund. No formal position has been taken by the Controller's office at this date.

APPROVAL BY THE DEPARTMENT  
OF GENERAL SERVICES

The contract was also approved by the legal services section of the Department of General Services. Although this section reviews the source of funds to be used, the Department is given wide discretion as to what justification to require. The Department tries to be flexible so as not to impede state operations. The justification required by the Department of General Services related to this contract was minimal.

Section 1262 of the State Administrative Manual sets forth the procedure that state agencies "should follow" in soliciting contracts with consultants.

The agency "should" transmit to the Department of General Services the agreement paying particular attention to the reason for, and method of, selecting the contractor, including names and addresses of other prospective consultants considered, the basis for determining the compensation and its reasonableness, and the necessity for any proposed progress payments (SAM Section 1262, paragraph 8). The departments of Social Welfare and General Services advise that none of this information was transmitted.

SAM, Section 1201.4 further states that contracts for consultant services "should be" accompanied by a statement from the agency indicating that provisions of SAM Section 1262 have been met.

A note attached to the file of the Department of General Services indicates that the reviewer of the contract questioned the reason for the contract and its relationship to the Unemployment Compensation

The note, presumably made before approval by the Department of General Services on December 22, 1972 states:

"Mr. Hobbs indicates that in connection with this matter, he will in fact report to HRD and the specific matters of consultant service is (sic)

UIDI

disability insurance and withholding on income tax, which programs are of benefit to HRD."

The use of the phrases "should follow" and "should be" indicates that it is not mandatory for the agency to follow the procedures. However had the Department of General Services required closer adherence to these procedures, the questions that now exist relative to the department's approval of the contract may have been precluded.

### USE OF STATE EMPLOYEES

The Steering Committee of the Governor's Tax Reduction Task Force is composed primarily of members of the Governor's staff and top executives of state agencies and departments. The Task Force members, staff and technical assistance as shown in the Governor's brochure dated March 12, 1973, (Exhibit "J") consists of 15 named persons. Most of those persons have been and still are state employees assigned to units other than the Governor's office. We have been advised through informal discussions with members of the Task Force, that the Governor has orally requested agencies to give maximum assistance to the Task Force.

Through informal discussions with management personnel of the Department of Social Welfare and the Department of Human Resources Development, we have confirmed that most of the staff of the Task Force is employed by those departments. We were advised that there are no records in either of these departments to indicate employee time devoted to the Task Force. Several of the cancelled contracts (Exhibit "D") were for the purpose of making employees of the Department of Social Welfare available to the Task Force to serve as staff.

Letters have been sent to many state agencies and departments requesting information or estimates, including information related to the use of state employees by the Task Force and the costs of employees' salaries, travel, etc. The results of this questionnaire and follow-up will be reported as soon as possible.

A handwritten signature in black ink, reading "Walter J. Quinn". The signature is fluid and cursive, with the first name "Walter" and last name "Quinn" clearly distinguishable.

Walter J. Quinn  
Acting Deputy Auditor General

April 9, 1973

Staff:

Richard LaRock  
Bill L. Myers



THIS AGREEMENT is entered into this 1st day of September, 1972,  
by and between the undersigned State Agencies:

(Set forth services, materials, or equipment to be furnished, or work to be performed, and by whom,  
time for performance including the terms, date of commencement and date of completion, and  
provision for payment per 1280 and 8760-8760.2 S.A.M.)

Distribution:  
Agency providing services  
Agency receiving services  
Department of General Services  
(unless exempt from DGS approval)  
Controller

This agreement is entered into by the Department of Social Welfare, hereinafter  
referred to as Welfare, as purchaser, and the Department of Health Care Services,  
as seller, for securing the services of the Governor's Tax Reduction Task Force,  
hereinafter referred to as Task Force.

Services shall consist of analysis of the tax impact on welfare spending including  
the availability and appropriateness of tax resources for welfare-related programs.

Welfare and the Task Force declare that in carrying out the terms of this agreement,  
they will:

1. Each designate a staff member to have primary responsibility for the  
liaison and coordination of activities required to carry out this  
agreement.
2. Collaborate in periodic evaluating of the manner in which this agreement  
is being carried out and the extent to which it is achieving its purpose.

Task Force agrees:

1. To analyze tax impact on welfare spending including fiscal  
analysis, graphic arts and fiscal data collection.

Social Welfare  
NAME OF STATE AGENCY

John A. Svami  
AUTHORIZED SIGNATURE

Chief Deputy Director  
TITLE

Health Care Services  
NAME OF STATE AGENCY

Lewis K. Uhler  
AUTHORIZED SIGNATURE

Chairman, Tax Reduction Task Force  
TITLE

(Continued on \_\_\_\_\_ sheets which are hereby attached and made a part hereof)

DEPARTMENT OF GENERAL SERVICES APPROVAL  
(UNLESS EXEMPT 1281 S.A.M.)

APPROVED

09/25/72

BY [Signature]  
Counsel

AMOUNT OF THIS ESTIMATE		APPROPRIATION			
\$ 30,000		GENERAL FUND			
UNENCUMBERED BALANCE	\$	ITEM	CHAPTER	STATUTES	FISCAL YEAR
		255	156	1972	1972-73
ADJ. INCREASING ENCUMBRANCE	\$	FUNCTION			
ADJ. DECREASING ENCUMBRANCE	\$	LINE ITEM ALLOTMENT			
		492-211318			
I Hereby Certify upon my own personal knowledge that budgeted funds are available for this encumbrance.		T.S.A. NUMBER		B.R. NUMBER	
SIGNATURE OF ACCOUNTING OFFICER		D-19			
DATE					
I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 1281.13 have been complied with and this document <input checked="" type="checkbox"/> is exempt <input type="checkbox"/> is not exempt from review by the Department of Finance.					
SIGNATURE OF OFFICER SIGNING ON BEHALF OF AGENCY		DATE			
Stephen D. [Signature]		1972			

2. To provide travel, clerical, and other support as required to carry out the terms of this agreement.
3. To provide such reports as may be required by Welfare.
4. To comply with all provisions of Welfare and Institutions Code 10850 to assure that all records pertaining to welfare recipients are kept confidential and are not open to examination for any purpose not directly connected with the administration of public social services, unless authorized by law. Except for purposes directly connected with the administration of such programs or as authorized by law, no person will publish, disclose, use or permit the use of any list(s) of persons receiving such public social service and/or any confidential information relating to any persons receiving these services.

This agreement is effective for the period from September 1, 1972, through June 30, 1973. Upon ninety (90) days written notice to the other party, any party may terminate this agreement.

The maximum amount of this agreement shall not exceed \$30,000.

Upon completion of the foregoing requirements in a satisfactory manner, Welfare will pay to Health Care Service for efforts of the Task Force up to the sum of \$30,000, which sum has been computed in accordance with Section 3760 of the State Administrative Manual. Nothing herein contained shall preclude advance payment pursuant to Article 1, Chapter 3, Part 1, Division 3, Title 2 of the Government Code.

STATE OF CALIFORNIA  
OFFICE OF LEGISLATIVE COUNSEL

COPY

Sacramento, California

APR 2 1973

Honorable Vincent Thomas  
Assembly ChamberPublic Assistance - #5854

Dear Mr. Thomas:

FACTS

You have submitted to us an interagency contract between the State Department of Social Welfare and the Department of Health Care Services which provides, in summary, that the State Department of Social Welfare is to pay the Department of Health Care Services the sum of \$30,000 for an analysis of the tax impact of welfare spending, such analysis to be prepared by the Governor's Tax Reduction Task Force, which is under the supervision of the Department of Health Care Services. The contract was approved by the Department of General Services.

QUESTION NO. 1

You have asked whether the departments possess the authority to enter into such a contract.

OPINION AND ANALYSIS NO. 1

Chapter 3 (commencing with Section 11250) of Part 1 of Division 3 of Title 2 of the Government Code provides, in part, for interagency transactions.

Section 11256 of the Government Code provides:

Honorable Vincent Thomas - p. 2 - #5354

"11256. Subject to approval of the Director of General Services, state agencies may furnish services, materials or equipment to, or perform work for, other state agencies upon such terms and conditions and for such considerations as they may determine and, subject to such approval, may enter into agreements for such purpose. The state agency furnishing or performing said work, services, materials or equipment shall include in its charges therefor such direct and indirect costs to the state in furnishing or performing said work, services, materials or equipment as may be approved by the Director of General Services, and such state agency shall compute said charges in a manner approved by the Director of General Services.

"The Director of General Services, upon such terms and conditions as he may prescribe, may except from his approval, or grant blanket approval for, the performance of any work, the furnishing of any services, materials or equipment, the entering into of any agreements, the computation of any charges, or the inclusion of any costs provided for herein." (Emphasis added.)

Under this broad statutory authorization, a state agency generally may contract with another state agency for the furnishing of services or the performance of work.

Inasmuch as the Department of Health Care Services and the State Department of Social Welfare are "state agencies" (Sec. 11000, Gov. C.), it is clear that as a general proposition the two departments may contract with one another for the furnishing of services or the performance of work. Thus, assuming that the services to be provided under the contract by the Department of Health Care Services are within the competence of that department to provide, we think that the two departments may enter into the contract in question.

#### QUESTION NO. 2

You have asked whether the State Department of Social Welfare's budgetary appropriation would authorize the department's expenditure of funds for the purposes of the contract in question.

Honorable Vincent Thomas - p. 3 - #5854

OPINION AND ANALYSIS NO. 2

In view of what we stated in Opinion and Analysis No. 1 regarding the authority of the State Department of Social Welfare and the Department of Health Care Services to enter into the contract in question with one another, we are of the opinion that the State Department of Social Welfare's expenditure of funds for the purposes of the contract in question would be authorized. In our opinion such a contract would fall within the category of operating expenses, for which an appropriation is made to the department in the Budget Act (see Item 255, Stats. 1972, Ch. 156).

Very truly yours,

George H. Murphy  
Legislative Counsel

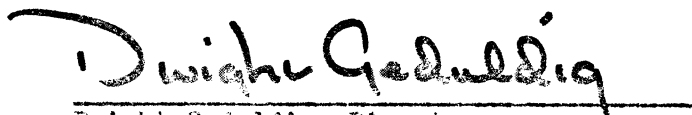
By  
Edward K. Purcell  
Principal Deputy

EKP:mm

## DELEGATION ORDER

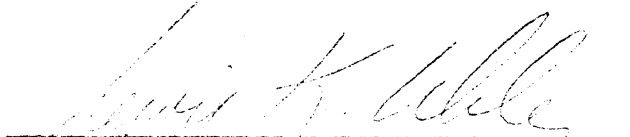
I, Dwight Geduldig, as the duly appointed Director of the Department of Health Care Services of the State of California do hereby delegate, pursuant to the authority contained in Section 12654 of the California Government Code, to Lewis K. Uhler, Chairman, Tax Reduction Task Force, the authority and power to receive and sign for on my behalf all contracts and accounting documents pertinent to the Governor's Tax Reduction Task Force. The sum total of the aforementioned contracts and accounting documents is not to exceed the sum of all monies specifically designated for use by the Governor's Tax Reduction Task Force, as specified by Agreement 262.

Dated: October 1, 1972  
at Sacramento, California

  
Dwight Geduldig, Director  
Department of Health Care Services

I, Lewis K. Uhler, understand and accept this delegation.

Dated: October 1, 1972  
at Sacramento, California

  
Lewis K. Uhler, Chairman  
Tax Reduction Task Force

STANDARD AGREEMENT — PERSONAL SERVICE  
STATE OF CALIFORNIA  
STD 2 (REV. 1-71)

283568

☐ STATE AGENCY  
☐ DEPT. OF GEN.  
☐ CONTROLLER  
☐  
☐  
☐

THIS AGREEMENT, made and entered into this 1st day of October, 19 72,  
in the State of California, by and between State of California, through its duly elected or appointed,  
qualified and acting

TITLE OF OFFICER ACTING FOR STATE <u>Lewis K. Under, Chairman</u> <u>Governor's Tax Reduction Task</u> hereafter called the State, and <u>Roger A. Freeman</u> hereafter called the Contractor.	AGENCY <u>Department of Health Care Services</u>	NUMBER <u>ACR-955</u>
--	---	--------------------------

WITNESSETH: That the Contractor for and in consideration of the covenants, conditions, agreements, and stipulations of State hereinafter expressed, does hereby agree to furnish to the State services and materials, as follows:

(Set forth service to be rendered by Contractor, amount to be paid Contractor, time for performance or completion, and attach plans and specifications, if Contractor agrees to develop a practical method for financing public schools in light of current court decisions.

For these services, State agrees to pay Contractor a maximum of two thousand five hundred dollars (\$2,500.00).

This contract covers all services rendered by staff of Contractor, preparation time, travel, per diem expense, and any other expenses incurred in the preparation of the study.

The effective date of this contract shall be from October 1, 1972 through January 31, 1973, not considered valid until signed by both parties.

Payment of invoice will be made in arrears upon submission of invoice by Contractor in triplicate to the Department of Health Care Services, 714 F Street, Sacramento, California-- Attention: Accounting Section.

Fair Employment Practices Addendum is by this reference made a part of this agreement.

The provisions on the reverse side hereof constitute a part of this agreement.

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto, upon the date first above written.

STATE OF CALIFORNIA

CONTRACTOR

AGENCY  
Department of Health Care Services  
BY (AUTHORIZED SIGNATURE)  
Lewis K. Under  
Chairman  
Governor's Tax Reduction Task Force

CONTRACTOR (IF OTHER THAN AN INDIVIDUAL, STATE WHETHER A CORPORATION, PARTNERSHIP, ETC.)  
Roger A. Freeman  
BY (AUTHORIZED SIGNATURE)  
R. Freeman  
TITLE  
ADDRESS

(CONTINUED ON \_\_\_ SHEETS, EACH BEARING NAME OF CONTRACTOR)

Do Not Write in This Space

AMOUNT OF THIS ESTIMATE \$2,500.00	APPROPRIATION Support		FUND Health Care Services	
UNENCUMBERED BALANCE \$	ITEM 232	CHAPTER 156	STATUTES 1972	FISCAL YEAR 1972-73
ADJ. INCREASING ENCUM- BRANCE \$	FUNCTION			
ADJ. DECREASING ENCUM- BRANCE \$	LINE ITEM ALLOTMENT 020-60			
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above.			T.E.A. NO.	B.R. NO.
SIGNATURE OF ACCOUNTING OFFICER <u>R. Freeman</u>			DATE 11/29/72	
I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 120 have been complied with and this document <input type="checkbox"/> is exempt from review by Department of Finance.				
SIGNATURE OF OFFICER SIGNING ON BEHALF OF THE AGENCY			DATE	

Roger A. Freeman, Contractor

-2-

October 1, 1972

"The Contractor shall comply with the Presidential Executive Order No. 11627, dated October 15, 1971, and all guidelines, rules, and regulations of the Cost of Living Council, Pay Board and Price Commission implementing it. The Contractor warrants that no wages, prices or salaries to be paid under this contract will be in excess of the maximum legally allowable pursuant to the foregoing order, rules and regulations."



ROGER A. FREEMAN  
Hoover Institution,  
Stanford University,  
Stanford, California  
94305

February 6, 1973

Department of Health Care Services,  
State of California,  
714 P. Street,  
Sacramento, California

I N V O I C E

per AGR -955      October 1, 1972.

For services rendered in pursuance of      agreement of October 1, 1972  
, research, conferences, etc.  
including all travel and other expenses

\$ 2,500.00

*RF Freeman*

THIS AGREEMENT, made and entered into this 1st day of October, 1972,  
in the State of California, by and between State of California, through its duly elected or appointed,  
qualified and acting

284731

TITLE OF OFFICER ACTING FOR STATE	AGENCY	NUMBER
Chairman, Tax Reduction Task Force	Department of Health Care Services	AGR 1478
hereafter called the State, and		
Jeffrey Davis		
hereafter called the Contractor.		

WITNESSETH: That the Contractor for and in consideration of the covenants, conditions, agreements, and stipulations of the  
State hereinafter expressed, does hereby agree to furnish to the State services and materials, as follows:  
Set forth service to be rendered by Contractor, amount to be paid Contractor, time for performance or completion, and attach plans and specifications, if any.)

Contractor agrees to develop plans for an implementing organization and for the method of analysis  
of the impact of the tax limitation proposal.

For these services, State agrees to pay Contractor a maximum of \$5,000. The State agrees to pay  
Contractor at a rate not to exceed \$12.50 per hour during any 24 hour period, or \$100 for any  
4 hour period.

The effective term of this contract shall be from October 1, 1972, through February 28, 1973,

The State agrees to pay Contractor for incidental administrative expenses related to performance  
of the contract and actual travel expenses.

State agrees to provide routine office and clerical support in Sacramento.

Payment to the Contractor will be made in regular monthly intervals, in arrears upon submission of  
invoice in triplicate to the Department of Health Care Services, 714 F Street, Sacramento,  
California, Attention: Accounting Section.

The provisions on the reverse side hereof constitute a part of this agreement.

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto, upon the date first above written.

STATE OF CALIFORNIA

CONTRACTOR

AGENCY
Department of Health Care Services
BY (AUTHORIZED SIGNATURE)
<i>[Signature]</i>
TITLE
Chairman, Tax Reduction Task Force

CONTRACTOR (IF OTHER THAN AN INDIVIDUAL STATE WHETHER A CORPORATION, PARTNERSHIP, ETC.)	
Jeffrey Davis	
BY (AUTHORIZED SIGNATURE)	
<i>[Signature]</i>	
TITLE	
ADDRESS	

CONTINUED ON — SHEETS, EACH BEARING NAME OF CONTRACTOR)

Do Not Write in This Space

AMOUNT OF THIS ESTIMATE	APPROPRIATION		These funds may properly be used for civil service purposes to the extent of the fee schedule.
\$ <u>5,000.00</u>	Support		
UNENCUMBERED BALANCE	ITEM	CHAPTER	
\$	232	156	
ADJ. INCREASING ENCUMBRANCE	FUNCTION		By: <i>[Signature]</i>
\$			
ADJ. DECREASING ENCUMBRANCE	LINE ITEM ALLOTMENT		
\$	090-60		
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above.			T.B.A. NO.
SIGNATURE OF ACCOUNTING OFFICER			B.R. NO.
<i>[Signature]</i>			DATE <u>1/18/73</u>
I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 1201.13 have been complied with and this document is exempt.			
SIGNATURE OF OFFICER SIGNING ON BEHALF OF THE AGENCY			DATE
<i>[Signature]</i>			

Fair Employment Practices Addendum is by this reference made a part of this agreement.

"The Contractor shall comply with the Presidential Executive Order No. 11627, dated October 15, 1971, and all guidelines, rules, and regulations of the Cost of Living Council, Pay Board and Price Commission implementing it. The Contractor warrants that no wages, prices or salaries to be paid under this contract will be in excess of the maximum legally allowable pursuant to the foregoing order, rules and regulations."

THIS AGREEMENT, made and entered into this 1st day of January, 1973  
in the State of California, by and between State of California, through its duly elected or appointed,  
qualified and acting

TITLE OF OFFICER ACTING FOR STATE Chairman, Tax Reduction Task Force hereafter called the State, and Jeanette May hereafter called the Contractor.	AGENCY Department of Health Care Services	NUMBER AGR 1477
---	--	--------------------

WITNESSETH: That the Contractor for and in consideration of the covenants, conditions, agreements, and stipulations of the  
State hereinafter expressed, does hereby agree to furnish to the State services and materials, as follows:

(Set forth service to be rendered by Contractor, amount to be paid Contractor, time for performance or completion, and attach plans and specifications, if any.)

Contractor agrees to assist the Governor's Task Force on Tax Reduction in defining and  
preparing graphic illustrations.

For these services, State agrees to pay Contractor a maximum of \$1560. The State agrees  
pay Contractor at a rate not to exceed \$6.00 per hour during any 24 hour period, or  
\$48.00 for any 24 hour period.

The effective term of this contract shall be from January 1, 1973, through June 30, 1973

The State agrees to pay Contractor for incidental administrative expenses related to  
performance of the contract and actual travel expenses.

Payment to the Contractor will be made in regular monthly intervals,  
submission of invoice in triplicate to the Department of Health Care Services,  
Sacramento, California, Attention: Accounting Section.

The provisions on the reverse side hereof constitute a part of this agreement.

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto, upon the day and date above written.

STATE OF CALIFORNIA

CONTRACTOR

AGENCY  
Department of Health Care Services  
BY (AUTHORIZED SIGNATURE)  
[Signature]  
TITLE  
airman, Tax Reduction Task Force  
(CONTINUED ON — SHEETS, EACH BEARING NAME OF CONTRACTOR)

CONTRACTOR (IF OTHER THAN AN INDIVIDUAL, STATE WHETHER A CORPORATION,  
PARTNERSHIP, ETC.)  
Jeanette May  
BY (AUTHORIZED SIGNATURE)  
[Signature]  
TITLE  
1101 B St. Davis Ca 95214  
ADDRESS

These services may properly be secured  
by service procedures to  
outside of California has no reference to  
this certification of the fee schedule.  
the propriety of the fee schedule.

STATE PERSONNEL BOARD  
Date: 1-18-73  
By: [Signature]

Do Not Write in This Space		AMOUNT OF THIS ESTIMATE \$ <u>1,560.00</u>		APPROPRIATION Support		FUND Health Care Deposit	
UNENCUMBERED BALANCE		ITEM	CHAPTER	FUNCTION		STATUTES	FISCAL YEAR
\$		232	156			72	1972-73
ADJ. INCREASING ENCUM- BRANCE		LINE ITEM ALLOTMENT					
\$		090-60					
I hereby certify upon my own, personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above.						T.B.A. NO.	B.R. NO.
SIGNATURE OF ACCOUNTING OFFICER <u>[Signature]</u>						DATE 1/18/73	
I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 1201.1 have been complied with and this document is exempt.							
SIGNATURE OF OFFICER SIGNING ON BEHALF OF THE AGENCY <u>[Signature]</u>						DATE	

Fair Employment Practices Addendum is by this reference made a part of this agreement.

"The Contractor shall comply with the Presidential Executive Order No. 11627, dated October 15, 1971, and all guidelines, rules, and regulations of the Cost of Living Council, Pay Board and Price Commission implementing it. The Contractor warrants that no wages, prices or salaries to be paid under this contract will be in excess of the maximum legally allowable pursuant to the foregoing order, rules and regulations."

THIS AGREEMENT, made and entered into this 1st day of January, 1973,  
 in the State of California, by and between State of California, through its duly elected or appointed,  
 qualified and acting

NAME OF OFFICER ACTING FOR STATE	AGENCY	NUMBER
	Department of Health Care Services	AGR-1690

hereafter called the State, and  
Craig Stubblebine  
 hereafter called the Contractor.

WITNESSETH: That the Contractor for and in consideration of the covenants, conditions, agreements, and stipulations of the  
 State hereinafter expressed, does hereby agree to furnish to the State services and materials, as follows:

Set forth service to be rendered by Contractor, amount to be paid Contractor, time for performance or completion, and attach plans and specifications, if any.)

Contractor agrees to provide economic analysis of the impact of tax and spending programs.

This contract is effective for the period of January 1, 1973, to June 30, 1973. Upon thirty  
 (30) days' written notice to the other party, either party may terminate this agreement.

In consideration of the foregoing, State agrees to pay Contractor a maximum of \$2,000. The  
 State agrees to pay the Contractor at a rate not to exceed \$18.75 per hour during any 24-hour  
 period, or \$150 for any 24-hour period.

The State agrees to pay the Contractor for incidental administrative expenses related to  
 performance of the contract and actual travel expenses, including a per diem allowance at the  
 rate designated for higher officials.

The State agrees to provide routine office and clerical support in Sacramento.

The provisions on the reverse side hereof constitute a part of this agreement.

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto, upon the date first written.

STATE OF CALIFORNIA

CONTRACTOR

AGENCY  
 Department of Health Care Services  
 BY (AUTHORIZED SIGNATURE)  
[Signature]  
 IT  
 Chairman, Tax Reduction Task Force

CONTRACTOR (IF OTHER THAN AN INDIVIDUAL, STATE WITNESS HERE CORPORATION,  
 PARTNERSHIP, ETC.)  
Craig Stubblebine  
 BY (AUTHORIZED SIGNATURE)  
[Signature]  
 TITLE  
 ADDRESS

CONTINUED ON — SHEETS, EACH BEARING NAME OF CONTRACTOR)

Do Not Write in This Space

AMOUNT OF THIS ESTIMATE \$ 2,000.00	APPROPRIATION Support		FUND Health Care Deposit	
UNENCUMBERED BALANCE \$	ITEM 232	CHAPTER 156	STATUTES 72	FISCAL YEAR 1972-73
ADJ. INCREASING ENCUM- BRANCE \$	FUNCTION			
ADJ. DECREASING ENCUM- BRANCE \$	LINE ITEM ALLOTMENT 020-90 090-60			
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above.			T.B.A. NO.	B.R. NO.
SIGNATURE OF ACCOUNTING OFFICER <u>[Signature]</u>			DATE 2/20/73	
I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 1201.13 have been complied with and this document <input checked="" type="checkbox"/> is exempt <input type="checkbox"/> is not exempt from review by the Department of Finance.				
SIGNATURE OF OFFICER SIGNING ON BEHALF OF THE AGENCY <u>[Signature]</u>			DATE	

Payment to the Contractor will be made in regular monthly intervals, in arrears upon submission of invoice by Contractor in triplicate to the Department of Health Care Services, 714 P Street, Sacramento, California, Attention Accounting Section.

Fair Employment Practices Addendum is, by this reference, made a part of this agreement.

"The Contractor shall comply with the Presidential Executive Order No. 11627, dated October 15, 1971, and all guidelines, rules and regulations of the Cost of Living Council, Pay Board and Price Commission implementing it. The Contractor warrants that no wages, prices or salaries to be paid under this contract will be in excess of the maximum legally allowable pursuant to the foregoing order, rules and regulations."

EXHIBIT E

Governor's Tax Reduction Task Force  
Expenses Incurred Through Period Ending  
March 31, 1973  
Contemplated to be From Interagency  
Agreement No. 282

	<u>Contract Amount</u>	<u>Amount Paid Per Controller</u>	<u>Not Scheduled</u>	<u>Total Expenses Per DHCS</u>
Contract Services				
Contract AGR 955	\$ 2,500	\$ 2,500		\$ 2,500
Contract AGR 1477	1,560	488		488
Contract AGR 1478	5,000	4,980		4,980
Contract AGR 1690	<u>2,000</u>	<u>849</u>	<u>\$529</u>	<u>1,378</u>
Total Contract Services	<u>\$11,060</u>	\$ 8,817	\$529	\$ 9,346
Minor Equipment		210	94	304
Publications		22		22
Postage		32		32
Travel		1,655		1,655
Equipment		<u>780</u>	<u>      </u>	<u>780</u>
Total Expense		<u>\$11,516</u>	<u>\$623</u>	<u>\$12,139</u>



OFFICE OF STATE CONTROLLER

EXHIBIT F

PLACE: Sacramento  
DATE: April 3, 1973

Jerry W. Green, Director  
Department of Health Care Services  
714 P Street  
TO: Sacramento, California

FROM: Floyd W. Johnson, Chief, Division of Audits

RE: Governor's Tax Reduction Task Force

Contracts

We have reviewed the contracts listed on attached Exhibit I involving services being provided to the Governor's Tax Reduction Task Force. It appears that the Task Force is located in the Department of Health Care Services as the Chairman of the Tax Reduction Task Force, Lewis K. Uhler is the signatory on the contracts on behalf of the Department of Health Care Services.

We would appreciate receiving evidence that Mr. Uhler has been delegated authority by the Director of Health Care Services to enter into the contracts shown on Exhibit I.

It is also noted that the contracts contain a certification stating that all conditions for exemption found in State Administrative Manual Section 1201.13 have been complied with and that the contract is exempt from review by the Department of Finance. This certification in each case has been signed by Lewis K. Uhler on behalf of the agency (Department of Health Care Services). As found in Section 1201.13 the following is included in the criteria that must be met if the contracts are to be considered exempt from Department of Finance approval:

The purposes are consistent with approved program, with legislative intent, and with the Administration (Governor) policy. The contract does not provide for new, expanded, or exploratory programs in this or any subsequent fiscal year or require supplemental financing which has not already been properly secured.

Under the circumstances, we would appreciate receiving assurance that all the conditions for exemption from review of the contracts in Exhibit I by the Department of Finance have been met.

The contracts in Exhibit I indicate that claims under the contracts are to be charged to Support, Department of Health Care Services (Item 232) payable from the Health Care Deposit Fund.

Jerry W. Graen, Director  
Department of Health Care Services

-2-

April 3, 1973

Please advise as to the statutory authority for claims under the contracts to be charged to the Health Care Deposit Fund and budgetary authorization for such expenditures.

Travel Expenses

Travel expense claims of Lewis K. Uhler for the months of September 1972 through December 1972 relating to the Governor's Tax Reduction Task Force have been charged to the Health Care Deposit Fund. However, payroll records show that Mr. Uhler was employed by the Department of Human Resources Development in the position of Special Consultant for the above period.

Has approval of the Department of General Services been obtained under the provisions of Government Code Section 11253 in connection with Mr. Uhler's assignment to the Department of Health Care Services?

What is the legal basis for charging Mr. Uhler's travel expenses to the Health Care Deposit Fund?

We would appreciate an early response to our inquiries so not to delay payment of claims.

ORIGINAL SIGNED BY  
FLOYD W. JOHNSON

Chief, Division of Audits

FWJ:11

bcc: Richard I. Larock, C.P.A.  
Office of the Auditor General  
Room 400, 1100 K. Building  
Sacramento, Calif. 95814

Contracts Relating to the Governor's Task  
Reduction Task Force shown as chargeable  
to the Health Care Deposit Fund entered  
into by the Department of Health Care Services.

<u>CONTRACTOR</u>	<u>CONTRACT NO.</u>	<u>AMOUNT OF CONTRACT</u>
Jeanette May	AGR 1477	\$1,560.00
Jeffery Davis	AGR 1478	5,000.00
Roger Freeman	AGR 955	2,500.00
Craig Stubblebine	AGR 1690	2,000.00
Typing Pool*	AGR 1356	1,000.00
Lund Tim*	AGR 1352	1,804.00
Linda Miller*	AGR 1357	2,489.76
Jeanette May*	AGR 1354	350.00
Mike Smail*	AGR 1355	410.00
William A. Niskanen	AGR 1779	500.00

\*Contracts entered into by Department of Social Welfare

## EXHIBIT G

THIS AGREEMENT is entered into this 1st day of November, 19 72,  
by and between the undersigned State Agencies:

(Set forth services, materials, or equipment to be furnished, or work to be performed, and by whom,  
time for performance including the terms, date of commencement and date of completion, and  
provision for payment per 1280 and 8760-8760.2 SAM.)

## Distribution:

Agency providing services  
Agency receiving services  
Department of General Services  
(unless exempt from DGS approval)  
Controller

This agreement is entered into by and between the Department of Health Care Services, as purchaser, hereinafter referred to as Health Care, and the Department of Social Welfare, as seller, hereinafter referred to as Welfare, for the purpose of securing the services of Linda Bernheim of Welfare's Programming Systems Bureau to develop programs to analyze and present tax and expenditure data for the Governor's Tax Reduction Task Force.

This agreement is effective for the period from November 1, 1972 to December 31, 1972 and may be terminated at any time by mutual consent of both parties.

The maximum amount of this agreement shall not exceed \$6,654.76

Health Care agrees to reimburse Welfare the latter's cost of performance hereunder at the following rates, payable monthly in arrears upon submission of proper invoices.

Ms. Bernheim's Salary	Up to 2 Mos.	@ \$1,128/Mo.
IBM 360/30 Machine	Up to 350 Hrs.	@ a rate not to exceed \$100/Hr.
Key punch Time	Up to 16 Hrs.	@ a rate not to exceed \$15/Hr.
Staff Benefits (14%)	Up to 2 Mos.	@ \$158/Mo.
Overtime	Up to 38 Hrs.	@ \$9.02/Hr.

Health Care agrees to reimburse Welfare for all authorized travel expenditures incurred as a result of this agreement.

APPROVED

DATE 12/18/72

NAME OF STATE AGENCY

Department of Health Care Services

CALLED ABOVE (Short Name)

Health Care

AUTHORIZED SIGNATURE

TITLE

Chairman, Governor's Tax Reduction Task Force

NAME OF STATE AGENCY

Department of Social Welfare

CALLED ABOVE (Short Name)

Welfare

AUTHORIZED SIGNATURE

TITLE

Deputy Director, Administration

(Continued on 1 sheets which are hereby attached and made a part hereof)

DEPARTMENT OF GENERAL SERVICES APPROVAL  
(UNLESS EXEMPT 1281 SAM)

AMOUNT OF THIS ESTIMATE

\$ 6,654.76

UNENCUMBERED BALANCE

\$

ADJ. INCREASING ENCUMBRANCE

\$

ADJ. DECREASING ENCUMBRANCE

\$

FUND

Health Care Deposit

APPROPRIATION

Support

ITEM

232

CHAPTER

256

STATUTES

72

FISCAL YEAR

1972-73

FUNCTION

LINE ITEM ALLOTMENT

000-60

I hereby certify upon my own personal knowledge that budgeted funds  
are available for this encumbrance.

SIGNATURE OF ACCOUNTING OFFICER

D

T.B.A. NUMBER

B.R. NUMBER

DATE

1/2/73

I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 1201.13 have  
been complied with and this document ☐ is exempt ☐ is not exempt from review by the Department of Finance

SIGNATURE: OFFICER SIGNING ON BEHALF OF AGENCY

D

DATE

The cost of performance has been computed in accordance with Section 8760 of the State Administrative Manual. Nothing herein contained shall preclude advance payments pursuant to Article 1, Chapter 3, Part 1, Division 3, Title 2, Government Code.

- ☐ CONTRACTOR  
☐ STATE AGENCY  
☐ DEPT. OF GEN. SER.  
☐ CONTROLLED  
☐  
☐  
☐

THIS AGREEMENT, made and entered into this 15th day of December, 1972,  
in the State of California, by and between State of California, through its duly elected or appointed,  
qualified and acting

TITLE OF OFFICER ACTING FOR STATE <u>Chairman Tax Reduction Task Force</u> <i>hereafter called the State, and</i>	AGENCY <u>Department of Health Care Services</u>	NUMBER <u>AGF-1295</u>
CHARLES D. HOBBS <i>hereafter called the Contractor.</i>		

WITNESSETH: That the Contractor for and in consideration of the covenants, conditions, agreements, and stipulations of the  
State hereinafter expressed, does hereby agree to furnish to the State services and materials, as follows:  
(Set forth service to be rendered by Contractor, amount to be paid Contractor, time for performance or completion, and attach plans and specifications, if any.)

Contractor agrees to act as Special Consultant to the Governor's Office for tax and spending  
programs.

This contract is effective for the period of December 1, 1972 to June 30, 1973. Upon thirty (30)  
days' written notice to the other party, either party may terminate this agreement.

In consideration of the foregoing, State agrees to pay Contractor a maximum of \$22,000. The  
State agrees to pay the Contractor at a rate not to exceed \$16.25 per hour during any 24-hour  
period, or \$130 for any 24-hour period.

The State agrees to pay the Contractor for incidental administrative expenses related to perform-  
ance of the contract and actual travel expenses, including a per diem allowance at the rate  
designated for higher officials.

The State agrees to provide routine office and clerical support in Sacramento.  
The provisions on the reverse side hereof constitute a part of this agreement.

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto, upon the date first above written.

STATE OF CALIFORNIA

CONTRACTOR

AGENCY  
Department of Health Care Services  
BY (AUTHORIZED SIGNATURE)  
[Signature]  
TITLE  
Chairman, Tax Reduction Task Force

CONTRACTOR (IF OTHER THAN AN INDIVIDUAL, STATE WHETHER A CORPORATION,  
PARTNERSHIP, ETC.)  
BY (AUTHORIZED SIGNATURE)  
[Signature]  
TITLE

ADDRESS

(CONTINUED ON — SHEETS, EACH BEARING NAME OF CONTRACTOR)

Do Not Write in This Space

AMOUNT OF THIS ESTIMATE \$ 22,000.00	APPROPRIATION Support		FUND Health Care Deposit	
UNENCUMBERED BALANCE \$	ITEM 232	CHAPTER 156	STATUTES 1972	FISCAL YEAR 1972-73
ADJ. INCREASING ENCUM- BRANCE \$	FUNCTION 090-60			
ADJ. DECREASING ENCUM- BRANCE \$	LINE ITEM ALLOTMENT			
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purposes of the expenditure stated above.			T.S.A. NO.	B.R. NO.
SIGNATURE OF ACCOUNTING OFFICER <u>[Signature]</u>			DATE 12/17/72	
I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 1-01.15 have been complied with and this document <input type="checkbox"/> is exempt <input type="checkbox"/> is not exempt for review by the Department of Finance.				
SIGNATURE OF OFFICER SIGNING ON BEHALF OF THE AGENCY <u>[Signature]</u>			DATE	

1295

payment to the Contractor will be made in regular monthly intervals, in arrears upon submission of invoice by Contractor in triplicate to the Department of Health Care Services, 714 P Street, Sacramento, California, Attention Accounting Section.

Fair Employment Practices Addendum is, by this reference, made a part of this agreement.

"The Contractor shall comply with the Presidential Executive Order No: 11627, dated October 16, 1971, and all guidelines, rules and regulations of the Cost of Living Council, Pay Board and Price Commission implementing it. The Contractor warrants that no wages, prices or salaries to be paid under this contract will be in excess of the maximum legally allowable pursuant to the foregoing order, rules and regulations."

284736

THIS AGREEMENT is entered into this 7th day of December, 1972,  
by and between the undersigned State Agencies:

(Set forth services, materials, or equipment to be furnished, or work to be performed, and by whom,  
time for performance including the terms, date of commencement and date of completion, and  
provision for payment per 1280 and 8760-8760.2 SAM.)

Distribution:

Agency providing services  
Agency receiving services  
Department of General Services  
(unless exempt from DGS approval)  
Controller

This agreement is entered into by and between the Department of Health Care Services,  
as purchaser, hereinafter referred to as Health Care, and the Department of Social  
Welfare, as seller, hereinafter referred to as Welfare, for the purpose of securing  
the typing services of the Specialized Office Services Typing Pool for the Governor's  
Tax Reduction Task Force.

This agreement is effective for the period from December 11, 1972 to March 11, 1973  
and may be terminated at any time by mutual consent of both parties.

The maximum amount of this agreement shall not exceed \$1,000.

Health Care agrees to reimburse Welfare the latter's cost of performance hereunder at  
a rate not to exceed \$3.91 per hour, payable monthly in arrears upon submission of  
proper invoices.

The cost of performance has been computed in accordance with Section 8760 of the State  
Administrative Manual.. Nothing herein contained shall preclude advance payments  
pursuant to Article 1, Chapter 3, Part 1, Division 3, Title 2, Government Code.

This is to certify that this contract has been  
reviewed and meets requirements of the de-  
partment.

APPROVED

DATE 12/21/72

*Jack Pagan*  
Chief, Contracts Administration

NAME OF STATE AGENCY

Department of Health Care Services

CALLED ABOVE (Short Name)

Health Care

AUTHORIZED SIGNATURE

TITLE

Chairman, Tax Reduction Task Force

(Continued on \_\_\_\_\_ sheets which are hereby attached and made a part hereof)

NAME OF STATE AGENCY

Department of Social Welfare

CALLED ABOVE (Short Name)

Welfare

AUTHORIZED SIGNATURE

TITLE

Deputy Director, Administration

DEPARTMENT OF GENERAL SERVICES APPROVAL  
(UNLESS EXEMPT 1281 SAM)

AMOUNT OF THIS ESTIMATE

\$ 1,000.00

UNENCUMBERED BALANCE

\$

ADJ. INCREASING ENCUMBRANCE

\$

ADJ. DECREASING ENCUMBRANCE

\$

APPROPRIATION

Support

ITEM

232

CHAPTER

156

STATUTES

72

FISCAL YEAR

1972-73

FUNCTION

LINE ITEM ALLOTMENT

090-60

I Hereby Certify upon my own personal knowledge that budgeted funds  
are available for this encumbrance.

SIGNATURE OF ACCOUNTING OFFICER

DATE

1/2/73

I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 1201.13 have  
been complied with and this document ☐ is exempt ☐ is not exempt from review by the Department of Finance.

SIGNATURE: OFFICER SIGNING ON BEHALF OF AGENCY

DATE



THIS AGREEMENT is entered into this 1st day of November, 19 72,  
by and between the undersigned State Agencies:

(Set forth services, materials, or equipment to be furnished, or work to be performed, and by whom, time for performance including the terms, date of commencement and date of completion, and provision for payment per 1280 and 8760-8760.2 SAM.)

Distribution: **284735**  
Agency providing services  
Agency receiving services  
Department of General Services  
(unless exempt from DGS approval)  
Controller

This contract is entered into by and between the Department of Health Care Services, as purchaser, hereinafter referred to as Health Care, and the Department of Social Welfare, as seller, hereinafter referred to as Welfare, for the purpose of securing the services of Mike Smail of Welfare's Child and Family Systems Management Bureau to provide analysis of data developed by or for the Governor's Tax Reduction Task Force.

This agreement is effective for the period of November 1, 1972 through May 31, 1973, and may be terminated at any time by mutual consent of both parties.

The maximum amount of this agreement shall not exceed \$401.

Health Care agrees to reimburse Welfare the latter's cost of performance hereunder at the rate of \$8.02 per hour for a maximum of 50 hours, payable monthly in arrears upon submission of proper invoices. Said cost of performance has been computed in accordance with Section 8760 of the State Administrative Manual. Nothing herein contained shall preclude advance payments pursuant to Article 1, Chapter 3, Part 1, Division 3, Title 2, Government Code.

This is to certify that this contract has been reviewed and meets requirements of the department.

APPROVED DATE 12/16/72  
*Jack Rogers*  
Chief, Contracts Administration

NAME OF STATE AGENCY  
Department of Health Care Services  
CALLED ABOVE (Short Name)  
Health Care  
AUTHORIZED SIGNATURE  
*[Signature]*  
TITLE

NAME OF STATE AGENCY  
Department of Social Welfare  
CALLED ABOVE (Short Name)  
Welfare  
AUTHORIZED SIGNATURE  
*[Signature]*  
TITLE  
Chief Deputy Director

(Continued on \_\_\_\_\_ sheets which are hereby attached and made a part hereof)

DEPARTMENT OF GENERAL SERVICES APPROVAL (UNLESS EXEMPT 1281 SAM)		AMOUNT OF THIS ESTIMATE \$ <u>401.00</u>		FUND <u>Health Care Deposit</u>	
UNENCUMBERED BALANCE \$		APPROPRIATION <u>Support</u>			
ADJ. INCREASING ENCUMBRANCE \$		ITEM <u>232</u>	CHAPTER <u>156</u>	STATUTES <u>72</u>	FISCAL YEAR <u>1972-73</u>
ADJ. DECREASING ENCUMBRANCE \$		FUNCTION <u>090-60</u>			
I Hereby Certify upon my own personal knowledge that budgeted funds are available for this encumbrance.				T.B.A. NUMBER	B.R. NUMBER
SIGNATURE OF ACCOUNTING OFFICER <i>[Signature]</i>				DATE <u>1/2/73</u>	
I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 1201.13 have been complied with and this document <input checked="" type="checkbox"/> is exempt <input type="checkbox"/> is not exempt from review by the Department of Finance.					
SIGNATURE: OFFICER SIGNING ON BEHALF OF AGENCY <i>[Signature]</i>				DATE	

284734

THIS AGREEMENT is entered into this 1st day of November, 19 72,  
by and between the undersigned State Agencies:

(Set forth services, materials, or equipment to be furnished, or work to be performed, and by whom,  
time for performance including the terms, date of commencement and date of completion, and  
provision for payment per 1280 and 8760-8760.2 SAM.)

Distribution:

Agency providing services  
Agency receiving services  
Department of General Services  
(unless exempt from DGS approval)  
Controller

This contract is entered into by and between the Department of Health Care Services, as purchaser, hereinafter referred to as Health Care and the Department of Social Welfare, as seller, hereinafter referred to as Welfare, for the purpose of securing the services of Jeanette May of Welfare's Program Assessment Branch to provide analysis of data developed by or for the Governor's Tax Reduction Task Force.

This agreement is effective for the period of November 1, 1972 to May 31, 1973, and may be terminated at any time by mutual consent.

The maximum amount of this agreement shall not exceed \$350.

Health Care agrees to reimburse Welfare the latter's cost of performance hereunder at the rate of \$7 per hour, for a maximum of 50 hours, payable monthly in arrears upon submission of proper invoices.

Said cost of performance has been computed in accordance with Section 8760 of the State Administrative Manual. Nothing herein contained shall preclude advance payments pursuant to Article 1, Chapter 3, Part 1, Division 3, Title 2, Government Code.

This is to certify that this contract has been reviewed and meets requirements of the department.

APPROVED

DATE 12/18/72

*Jack Blagden*  
Chief, Contracts Administration

NAME OF STATE AGENCY  
Department of Health Care Services  
CALLED ABOVE (Short Name)  
Health Care  
AUTHORIZED SIGNATURE  
*Lewis K. Hille*  
TITLE

NAME OF STATE AGENCY  
Department of Social Welfare  
CALLED ABOVE (Short Name)  
Welfare  
AUTHORIZED SIGNATURE  
*W. H. Hille*  
TITLE  
Chief Deputy Director

(Continued on \_\_\_\_\_ sheets which are hereby attached and made a part hereof)

DEPARTMENT OF GENERAL SERVICES APPROVAL  
(UNLESS EXEMPT 1281 SAM)

AMOUNT OF THIS ESTIMATE  
\$ 350.00

FUND  
Health Care Deposit

APPROPRIATION  
Support

UNENCUMBERED BALANCE

\$

ITEM

232

CHAPTER

156

STATUTES

72

FISCAL YEAR

1972-73

ADJ. INCREASING ENCUMBRANCE

\$

FUNCTION

ADJ. DECREASING ENCUMBRANCE

\$

LINE ITEM ALLOTMENT

098-60

I Hereby Certify upon my own personal knowledge that budgeted funds are available for this encumbrance.

T.B.A. NUMBER

B.R. NUMBER

SIGNATURE OF ACCOUNTING OFFICER

DATE

*R. K. Hille*

1/2/73

I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 1201.13 have been complied with and this document ☐ is exempt ☐ is not exempt from review by the Department of Finance.

SIGNATURE: OFFICER SIGNING ON BEHALF OF AGENCY

DATE

*Lewis K. Hille*

# INTERAGENCY AGREEMENT

STATE OF CALIFORNIA  
STD. 13 (REV. 3-71)

NUMBER  
**AGR 1357**  
**284737**

THIS AGREEMENT is entered into this 8th day of December, 19 72,  
by and between the undersigned State Agencies:

(Set forth services, materials, or equipment to be furnished, or work to be performed, and by whom,  
time for performance including the terms, date of commencement and date of completion, and  
provision for payment per 1280 and 8760-8760.2 SAM.)

Distribution:  
Agency providing services  
Agency receiving services  
Department of General Services  
(unless exempt from DGS approval)  
Controller

This agreement is entered into by and between the Department of Health Care Services,  
as purchaser, hereinafter referred to as Health Care, and the Department of Social  
Welfare, as seller, hereinafter referred to as Welfare, for the purpose of securing the  
services of Linda Miller of Welfare's Office of the Deputy Director of Operations to  
perform secretarial duties for the Governor's Tax Reduction Task Force.

It is further agreed that Welfare will provide one typewriter which will be returned to  
Welfare upon the termination of this contract.

This agreement is effective for the period from December 8, 1972 to March 8, 1973 and  
may be terminated at any time by mutual consent of both parties.

The maximum amount of this agreement shall not exceed \$2,489.76.

Health Care agrees to reimburse Welfare the latter's cost of performance hereunder at  
the following rates, payable monthly in arrears upon submission of proper invoices.

Ms. Miller's Salary	Up to 3 months	@	\$728/month
Staff Benefits (14%)	Up to 3 months	@	\$101.92/month

The cost of performance has been computed in accordance with Section 8760 of the State  
Administrative Manual. Nothing herein contained shall preclude advance payments pursuant  
to Article 1, Chapter 3, Part 1, Division 3, Title 2, Government Code.

NAME OF STATE AGENCY  
Department of Health Care Services  
CALLED ABOVE (Short Name)  
Health Care  
AUTHORIZED SIGNATURE  
[Signature]  
TITLE  
Chairman, Tax Reduction Task Force

NAME OF STATE AGENCY  
Department of Social Welfare  
CALLED ABOVE (Short Name)  
Welfare  
AUTHORIZED SIGNATURE  
[Signature]  
TITLE  
Deputy Director, Administration

(Continued on \_\_\_\_\_ sheets which are hereby attached and made a part hereof.)

DEPARTMENT OF GENERAL SERVICES APPROVAL  
(UNLESS EXEMPT 1281 SAM)

AMOUNT OF THIS ESTIMATE  
**\$ 2,489.76**

UNENCUMBERED BALANCE  
**\$**

ADJ. INCREASING ENCUMBRANCE  
**\$**

ADJ. DECREASING ENCUMBRANCE  
**\$**

FUND

**Health Care Deposit**

APPROPRIATION

**Support**

ITEM

**232**

CHAPTER

**156**

STATUTES

**72**

FISCAL YEAR

**1972-73**

FUNCTION

LINE ITEM ALLOTMENT

**090-60**

I Hereby Certify upon my own personal knowledge that budgeted funds  
are available for this encumbrance.

T.B.A. NUMBER

B.R. NUMBER

SIGNATURE OF ACCOUNTING OFFICER

DATE

**1/2/73**

I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 1201.13 have  
been complied with and this document ☐ is exempt ☐ is not exempt from review by the Department of Finance.

SIGNATURE OFFICER SIGNING ON BEHALF OF AGENCY

DATE

284733

THIS AGREEMENT is entered into this 1st day of September, 19 72, by and between the undersigned State Agencies:

Distribution:  
Agency providing services  
Agency receiving services  
Department of General Services  
(unless exempt from DGS approval)  
Controller

(Set forth services, materials, or equipment to be furnished, or work to be performed, and by whom, time for performance including the terms, date of commencement and date of completion, and provision for payment per 1280 and 8760-8760.2 SAM.)

This contract is entered into by and between the Department of Health Care Services, as purchaser, hereinafter referred to as Health Care, and the Department of Social Welfare, as seller, hereinafter referred to as Welfare, for the purpose of securing the services of Lund Tim, Welfare's graphic artist to provide graphic illustrations for presentation of materials of the Governor's Tax Reduction Task Force.

This agreement is effective for the period from September 1, 1972 to June 30, 1973, and may be terminated at any time by mutual consent of both parties.

The maximum amount of this agreement shall not exceed \$1,804.

Health Care agrees to reimburse Welfare the latter's cost of performance hereunder at a rate of \$9.02 per hour for a maximum of 200 hours payable monthly in arrears upon submission of proper invoices. Said cost of performance has been computed in accordance with Section 8760 of the State Administrative Manual. Nothing herein contained shall preclude advance payments pursuant to Article 1, Chapter 3, Part 1, Division 3, Title 2, Government Code.

This is to certify that this contract has been reviewed and meets requirements of the department.

APPROVED

DATE 12/14/72

Jack Keegan  
Chief, Contracts Administration

NAME OF STATE AGENCY  
Department of Health Care Services  
CALLED ABOVE (Short Name)  
Health Care  
AUTHORIZED SIGNATURE  
[Signature]  
TITLE

NAME OF STATE AGENCY  
Department of Social Welfare  
CALLED ABOVE (Short Name)  
Welfare  
AUTHORIZED SIGNATURE  
[Signature]  
TITLE  
Deputy Director, Administration

(Continued on \_\_\_\_\_ sheets which are hereby attached and made a part hereof)

DEPARTMENT OF GENERAL SERVICES APPROVAL (UNLESS EXEMPT 1281 SAM)		AMOUNT OF THIS ESTIMATE \$ <u>1,804.00</u>		FUND <b>Health Care Deposit</b>			
UNENCUMBERED BALANCE \$		ITEM <u>232</u>		CHAPTER <u>156</u>		STATUTES <u>72</u>	
ADJ. INCREASING ENCUMBRANCE \$		FUNCTION		FISCAL YEAR <u>1972-73</u>			
ADJ. DECREASING ENCUMBRANCE \$		LINE ITEM ALLOTMENT <u>090-60</u>					
I hereby Certify upon my own personal knowledge that budgeted funds are available for this encumbrance.				T.B.A. NUMBER		B.R. NUMBER	
SIGNATURE OF ACCOUNTING OFFICER <u>[Signature]</u>				DATE <u>1/2/73</u>			
I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 1201.13 have been complied with and this document <input type="checkbox"/> is exempt <input type="checkbox"/> is not exempt from review by the Department of Finance.							
SIGNATURE: OFFICER SIGNING ON BEHALF OF AGENCY <u>[Signature]</u>				DATE			

- ☐ CONTRACTOR  
☐ STATE AGENCY  
☐ DEPT. OF GEN. SER.  
☐ CONTROLLER  
☐  
☐  
☐

THIS AGREEMENT, made and entered into this 1st day of December, 19 72,  
in the State of California, by and between State of California, through its duly elected or appointed,  
qualified and acting

TITLE OF OFFICER ACTING FOR STATE	AGENCY	NUMBER
	Department of Human Resources Development	73004458

hereafter called the State, and  
**CHARLES D. HONES**  
hereafter called the Contractor.

WITNESSETH: That the Contractor for and in consideration of the covenants, conditions, agreements, and stipulations of the  
State hereinafter expressed, does hereby agree to furnish to the State services and materials, as follows:  
(Set forth service to be rendered by Contractor, amount to be paid Contractor, time for performance or completion, and attach plans and specifications, if any.)  
Contractor agrees to act as Special Consultant to the Governor's Office for tax and spending  
programs.

This contract is effective for the period of December 1, 1972 to June 30, 1973. Upon thirty  
(30) days' written notice to the other party, either party may terminate this agreement.

In consideration of the foregoing, State agrees to pay Contractor a maximum of \$22,000. The  
State agrees to pay the Contractor at a rate not to exceed \$16.25 per hour during any 24-hour  
period, or \$130 for any 24-hour period.

The State agrees to pay the Contractor for incidental administrative expenses related to  
performance of the contract and actual travel expenses, including a per diem allowance at  
the rate designated for higher officials.

The State agrees to provide routine office and clerical support in Sacramento.

The provisions on the reverse side hereof constitute a part of this agreement.

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto, upon the date first above written.

STATE OF CALIFORNIA

CONTRACTOR

AGENCY  
Department of Human Resources Development  
BY (AUTHORIZED SIGNATURE)  
▶ *[Signature]*  
TITLE  
Accounting Officer

CONTRACTOR (IF OTHER THAN AN INDIVIDUAL, STATE WHETHER A CORPORATION,  
PARTNERSHIP, ETC.)  
**CHARLES D. HONES**  
BY (AUTHORIZED SIGNATURE)  
▶ *[Signature]*  
TITLE

ADDRESS

(CONTINUED ON — SHEETS, EACH BEARING NAME OF CONTRACTOR)

Do Not Write in This Space	AMOUNT OF THIS ESTIMATE	APPROPRIATION	FUND
	\$ 22,000.00	Support	U.C.D.F.
	UNENCUMBERED BALANCE	ITEM	CHAPTER
	\$	240	155
	ADJ. INCREASING ENCUM- BRANCE	FUNCTION	STATUTES
			1972
			FISCAL YEAR
			1972-73
	ADJ. DECREASING ENCUM- BRANCE	LINE ITEM ALLOTMENT	
	\$	5103-832	
	I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above.		T.B.A. NO.
	SIGNATURE OF ACCOUNTING OFFICER		B.R. NO.
	▶ <i>[Signature]</i>		DATE
			12/24/72
	I hereby certify that all conditions for exemption set forth in State Administrative Manual Section 1201.18 have been complied with and this document is exempt.		
	SIGNATURE OF OFFICER SIGNING ON BEHALF OF THE AGENCY		DATE
	▶ <i>[Signature]</i>		12/24/72

Payment to the Contractor will be made in regular monthly intervals, in arrears upon submission of invoice by Contractor in triplicate to the Department of Human Resources Development, 800 Capitol Mall, Sacramento, California, Attention Accounting Officer, Comptroller Section.

Fair Employment Practices Addendum is, by this reference, made a part of this agreement.

"The Contractor shall comply with the Presidential Executive Order No. 11627, dated October 15, 1971, and all guidelines, rules and regulations of the Cost of Living Council, Pay Board and Price Commission implementing it. The Contractor warrants that no wages, prices or salaries to be paid under this contract will be in excess of the maximum legally allowable pursuant to the foregoing order, rules and regulations."

## FAIR EMPLOYMENT PRACTICES ADDENDUM

1. In the performance of this contract, the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, ancestry, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the State setting forth the provisions of this Fair Employment Practices section.

2. The Contractor will permit access to his records of employment, employment advertisements, application forms, and other pertinent data and records by the State Fair Employment Practice Commission, or any other agency of the State of California designated by the awarding authority, for the purposes of investigation to ascertain compliance with the Fair Employment Practices section of this contract.

3. Remedies for Willful Violation:

- (a) The State may determine a willful violation of the Fair Employment Practices provision to have occurred upon receipt of a final judgment having that effect from a court in an action to which Contractor was a party, or upon receipt of a written notice from the Fair Employment Practices Commission that it has investigated and determined that the Contractor has violated the Fair Employment Practices Act and has issued an order, under Labor Code Section 1426, which has become final, or obtained an injunction under Labor Code Section 1429.
- (b) For willful violation of this Fair Employment Practices provision, the State shall have the right to terminate this contract either in whole or in part, and any loss or damage sustained by the State in securing the goods or services hereunder shall be borne and paid for by the Contractor and by his surety under the performance bond, if any, and the State may deduct from any moneys due or that thereafter may become due to the Contractor, the difference between the price named in the contract and the actual cost thereof to the State.

ATTACHMENT

CHARLES D. HOBBS

73004458

The contractor shall submit program reports of his findings and recommendations upon request. Upon completion of the agreement contractor shall submit a final written report.



BERNARD CZESLA  
CHIEF DEPUTY

J. GOULD  
OWEN K. KUNS  
RAY H. WHITAKER

KENT L. DECHAMBEAU  
ERNEST H. KUNZI  
STANLEY M. LOURIMORE  
SHERWIN C. MACKENZIE, JR.  
ANN M. MACKAY  
EDWARD F. NOWAK  
EDWARD K. PURCELL  
PRINCIPAL DEPUTIES

3021 STATE CAPITOL  
SACRAMENTO 95814

110 STATE BUILDING  
LOS ANGELES 90012

# Legislative Counsel of California

GEORGE H. MURPHY

Sacramento, California  
April 2, 1973

GERALD ROSS ADAMS  
DAVID D. ALVES  
MARTIN L. ANDERSON  
CHARLES C. ASBILL  
JAMES L. ASHFORD  
JERRY L. BASSETT  
EDWARD RICHARD COHEN  
JOHN CORZINE  
BEN E. DALE  
CLINTON J. DEWITT  
JERALD S. DICK  
ROBERT CULLEN DUFFY  
LAWRENCE H. FEIN  
JOHN FOSSETTE  
HARVEY J. FOSTER  
ROBERT D. GRONKE  
JAMES W. HEINZER  
THOMAS R. HEUER  
L. DOUGLAS KINNEY  
VICTOR KOZIELSKI  
DANIEL LOUIS  
JAMES A. MARSALA  
EUGENE W. MCCADE  
PETER F. MELNICOE  
MIRKO A. MILICEVICH  
TRACY O. POWELL, II  
MARGUERITE ROTH  
MARY SHAW  
ROY K. SIMMONS  
RUSSELL L. SPARLING  
JOHN T. STUDEBAKER  
BRIAN L. VALKUP  
THOMAS D. WHELAN  
DAVID E. WHITTINGTON  
JIMMIE WING  
CHRISTOPHER ZINKLE  
DEPUTIES

Honorable Willie L. Brown, Jr.  
Assembly Chamber

State Contracts - #6204

Dear Mr. Brown:

## FACTS

You have submitted a copy of the first page (but not the reverse thereof) and second page of a Standard Agreement (STD 2 (rev. 2-72)) between the Department of Human Resources Development and an independent contractor. The agreement provides with respect to the obligation of the independent contractor as follows: "Contractor agrees to act as Special Consultant to the Governor's Office for tax and spending programs." The state's costs under the contract were charged to Item 240 of the Budget Act of 1972.

## QUESTION NO. 1

May funds be expended from the Unemployment Compensation Disability Fund for purposes of the above contract?

## OPINION AND ANALYSIS NO. 1

Item 240 of the Budget Act of 1972 reads:

"240--For administration of unemployment  
compensation disability benefits,  
Department of Human Resources  
Development, payable from the  
Unemployment Compensation Disability  
Fund ..... 14,298,753  
Schedule:  
(a) Personal services ..... 10,969,391  
(b) Operating expenses and  
equipment ..... 3,329,362"

In the limited time you have given us for this matter we have been unable to consider it fully. The Unemployment Compensation Disability Fund, hereafter referred to as the fund, is a special fund in the State Treasury to be kept separate and apart from all other public money or funds of the state. The money and assets of the fund are held in trust by the State Treasurer and administered exclusively under the direction of the Director of the Department of Human Resources Development for the purposes of the disability compensation law (Secs. 2601, et seq., U.I.C.; Sec. 3001, U.I.C.).

The fund consists of all contributions required of employees for disability benefits, all money received for the purpose of disability benefits from the United States or any agency thereof, or from any source, and any property or securities acquired through the use of money belonging to the fund, and all earnings of such money or securities (Sec. 3004, U.I.C.).

All money received from the federal government for disability benefit purposes or for administration of the disability benefit laws must be deposited in the fund or be used in accordance with the grant (Sec. 3005, U.I.C.).

It is clear that any federal money in the fund could not be used for other than the purposes specified in the federal law (see 412 U.S.C. 502, et seq. and 1102, et seq.; 26 U.S.C. 3306(f); 42 U.S.C. 1103).

However, it is our understanding that there is no federal money in the fund at this time, but the fund consists primarily of employee contributions. In this regard, in Gillum v. Johnson (1936), 7 Cal. 2d 744, the unemployment insurance features of the Unemployment Insurance Act were under consideration. While there was no question as to the diversion of these funds to another purpose, the court said:

"It must be conceded that the moneys so contributed under the act are not public moneys in the sense that they are subject to appropriation otherwise than as provided in the act. The funds thus raised are in their nature a continuing appropriation for a specific purpose. (See Daugherty v. Riley, 1 Cal. 2d 298 [34 Pac. 2d 1005].) The balances therein do not revert to the general fund at the end of the fiscal year and under both the state and federal acts constitute trust funds to be administered by the State commission and subject to its call at all times." (7 Cal. 2d, p. 758.)

As we view it, the state acts as a trustee of the money in the Unemployment Compensation Disability Fund for those who have made contributions to it, or for the beneficiaries of the disability benefits (see Gillum v. Johnson, p. 762; and see Sec. 100, U.I.C.).

Section 3001 of the Unemployment Insurance Code reads as follows:

"3001. The Unemployment Compensation Disability Fund is continued in existence as a special fund in the State Treasury, separate and apart from all other public money or funds of this State. The money and assets of this fund shall be held in trust by the State Treasurer and administered under the direction of the director exclusively, for the purpose of this part." (Emphasis added.)

The "part" referred to commences with Section 2601 of the same code, and reads:

"2601. The purpose of this part is to compensate in part for the wage loss sustained by individuals unemployed because of sickness or injury and to reduce to a minimum the suffering caused by unemployment resulting therefrom. This part shall be construed liberally in aid of its declared purpose to mitigate the evils and burdens which fall on the unemployed and disabled worker and his family."

The contract in question is drawn in extremely broad terms. On its face, the purpose of the contract is to provide consulting services for "tax and spending programs." While the purpose of Section 2601 above certainly involves "tax and spending," so does every other aspect of government. Consequently, from the face of the contract itself, it cannot be determined whether or not the consultant was employed, or was intended to be employed, for the purpose specified in Section 2601.

If the contractor worked on any area of "tax and spending programs" that cannot be specifically related to the purpose stated in Section 2601 of the Unemployment Insurance Code, then funds from the Unemployment Compensation Disability Fund could not be used to pay him and any funds so used would be expended illegally.

Ultimately, therefore, the question is one of fact to be determined by a trier of fact based upon all of the surrounding facts and circumstances. Among such facts would be, for example, the testimony of persons with whom the contractor worked, any written reports and memoranda, invoices, travel claims, telephone records, and other evidence.

#### QUESTION NO. 2

If the contractor provided services that cannot be specifically related to the purpose expressed in Section 2601 of the Unemployment Insurance Code, what remedies are available?

#### OPINION AND ANALYSIS NO. 2

In the limited time available, we cannot document fully all of the remedies that could be conceived.

Claims against the state may not be paid unless money for the purpose has been appropriated and only upon warrants drawn by the State Controller (Sec. 21, Art. XIII, Cal. Const.).

Initially, suit could be brought against the contractor to return to the state funds illegally paid to him.

Also, with regard to payments allegedly made illegally, it should be observed that the primary recourse is against the officer responsible for certifying the claims, i.e., the officer certifying to the State Controller that a claim is due and legally payable.

Chapter 4 (commencing with Section 925) of Part 3 of Division 3.6 of Title 1 of the Government Code provides for the presentation of claims to the State Controller. The State Controller also has certain duties regarding disbursements of state money. These duties include the authority to audit the disbursement of state money (Sec. 12410) and to require sworn testimony of persons presenting claims (Sec. 12415).

The officer certifying such claims would either have a statutory bond (if he were the head of a state department, for example) or would be covered under a master bond procured by the Director of General Services or the state department involved (Sec. 11007.7, Gov. C.). Assuming the certification to be false, the officer making such certification would be liable on his bond in an action brought by the Attorney General.

Very truly yours,

George H. Murphy  
Legislative Counsel



By  
Tracy O. Powell, II  
Deputy Legislative Counsel

TOP:db

## GOVERNOR'S TAX REDUCTION TASK FORCE

### STEERING COMMITTEE

Frank J. Walton, *Chairman*  
Secretary, Business and  
Transportation Agency

Robert C. Walker, *Member*  
Special Assistant to the Governor

John T. Kehoe, *Member*  
Director, Dept. of Consumer Affairs

James E. Jenkins, *Member*  
Director of Public Affairs,  
Governor's Office

Edwin W. Thomas, *Member*  
Administrative Assistant  
to the Cabinet

Lawrence R. Robinson, Jr., *Member*  
Director, Dept. of General Services

H. Herbert Jackson, *Member*  
Attorney at Law  
Member (former Chairman) of the  
Little Hoover Commission

### TASK FORCE MEMBERS

Lewis K. Uhler, *Chairman*  
Charles D. Hobbs, *Member*  
Richard E. Kazen, *Member*

### TASK FORCE STAFF

Jeffrey Davis, *Staff Assistant*  
Linda Miller, *Secretary*  
Diane Sekafetz, *Secretary*  
Douglas A. Sloane, *Administrative  
Assistant*  
Sharon Young, *Research Assistant*

### TECHNICAL ASSISTANCE

Linda Bernheim  
William R. Knudson  
Jeanette May  
Richard Piper  
Wendy Potter  
Lund Tim  
Virgil Woods

## GOVERNOR'S TAX REDUCTION TASK FORCE

### ADVISORS AND CONSULTANTS

ARMEN ALCHIAN, *Professor of Economics, UCLA*

MARTIN ANDERSON

*Senior Fellow (Public Policy), The Hoover Institution, Stanford*

NEIL BERSCH

*Senior Partner, Touche Ross & Company, Los Angeles*

PATRICK M. BOARMAN, Ph.D.

*Director of Research, Center for International Business (affiliate of  
Pepperdine College), Los Angeles*

JAMES BUCHANAN, Ph.D.

*Economist, Chairman of Center for Study of Public Choice, Virginia  
Polytechnic Institute and State University, Blacksburg, Virginia*

GLENN CAMPBELL, Ph.D.

*Director of Hoover Institution on War, Revolution and Peace,  
Stanford*

HAROLD DEMSETZ, *Professor of Economics, UCLA*

PHOEBUS DHRYMES, Ph.D., *Professor of Economics, UCLA*

PETER DRUCKER, Ph.D.

*Management Consultant, Member of the Faculty of Claremont Graduate School, Claremont*

ROGER A. FREEMAN, Ph.D.

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Stanford*

MILTON FRIEDMAN, Ph.D.

*Professor of Economics, University of Chicago*

FRANK GOBLE

*Management and Motivation Consultant, Author, and President of  
Thomas Jefferson Research Center, Pasadena*

C. LOWELL HARRISS

*President, National Tax Association, Professor of Economics at  
Columbia University, Consultant to The Tax Foundation, Inc., New  
York*

ANTHONY KENNEDY

*Professor of Constitutional Law, McGeorge School of Law, University  
of the Pacific, Sacramento*

J. CLAYBURN LaFORCE, Ph.D.

*Chairman of Department of Economics, UCLA*

WILLIAM A. NISKANEN, Ph.D.

*Professor, Graduate School of Public Policy, University of California,  
Berkeley*

DAN T. SMITH

*Senior Fellow (Taxation), The Hoover Institution on War, Revolution  
and Peace, Stanford*

W. CRAIG STUBBLEBINE, Ph.D.

*Professor of Economics, Claremont Men's College, Claremont Graduate  
School, Claremont*

PROCTOR THOMSON, Ph.D.

*Lincoln Professor of Economics and Administration, Claremont  
Men's College*

CHARLES D. HOBBS  
1480 Wentworth Avenue  
Sacramento, California 95822

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April 6, 1973

Walter J. Quinn  
Office of the Auditor General  
1100 K Building, Room 400  
Sacramento, California 95814

Dear Mr. Quinn:

Department of Human Resources Development (DHRD) Contract No. 73004458 calls for me to act as Special Consultant to the Governor's Office for tax and spending programs. In performing that contract, I am currently serving as a member of the Governor's Tax Reduction Task Force. You have asked about my duties and responsibilities and about the reports which will be issued as a result of my work.

In answer to your first question, my principal responsibilities are:

- (1) Collection and analysis of data on State tax and spending programs;
- (2) Development of a design for limiting State taxes and spending;
- (3) Analysis of the Unemployment and Disability Insurance Funds;
- (4) Analysis of the State personal income tax;
- (5) Development of incentives for government to reduce costs and control program growth.

In answer to your second question, I was directly involved in the preparation of the March 12, 1973, report of the Governor to the Legislature entitled "Revenue Control and Tax Reduction." I also participated in the drafting of SCA 12, the proposed Constitutional Amendment on revenue control and tax reduction. Currently in preparation is a detailed analysis of the Unemployment Insurance Fund. Other reports may be prepared and submitted during the contract. Upon completion of the contract, I will submit a final report to the DHRD covering the entire contract period.



Walter J. Quinn  
April 6, 1973  
Page Two

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The DHRD has taxing responsibilities encompassing Unemployment Insurance, Disability Insurance and the State personal income tax which, together, represent approximately 25% of the State's revenues. My work under DHRD Contract No. 73004458, therefore, has extensive specific applicability to the DHRD, as well as general applicability to the entire system of State and local taxation.

If your Office submits a report covering the expenditures and work of the Governor's Tax Reduction Task Force, I request that you include this letter within the report and that you adequately reference it in any descriptions of my work or contractual relationship with the State.

Sincerely,

A handwritten signature in cursive script, reading "Charles D. Hobbs".

CHARLES D. HOBBS

CDH:dks



RONALD REAGAN  
GOVERNOR

# State of California

GOVERNOR'S OFFICE  
SACRAMENTO 95814

May 23, 1973

Mr. Walter J. Quinn  
Acting Deputy Auditor General  
Room 400, 1100 K Building  
Sacramento, California 95814

Dear Mr. Quinn:

Pursuant to your request for information concerning Governor Reagan's Tax Reduction Task Force, including the cost to the State of California for funding the task force, I am pleased to provide the attached summary.

This will serve as the answer to all the other requests that have been made to various agencies and departments of the Executive Branch for information regarding State funding for the task force.

Sincerely,

A handwritten signature in cursive script that reads "Edwin W. Thomas".

Edwin W. Thomas  
Administrative Officer  
to the Cabinet

Attachment

# Memorandum

To : Governor Ronald Reagan

Date : May 23, 1973

Subject: Report on Tax Reduction Task Force  
Funding

From : Business and Transportation Agency  
Office of the Secretary  
1120 N Street, Sacramento, (916) 445-1331

Attached is the report you requested relating to the funding of the Tax Reduction Task Force. I recommend that this report be forwarded to the Auditor General.



Frank J. Walton  
Chairman, Steering Committee,  
Governor's Tax Reduction Task Force

Attachment

## STATE SUPPORT FOR GOVERNOR REAGAN'S

### TAX REDUCTION TASK FORCE

#### Introduction

Last September, Governor Reagan established a Tax Reduction Task Force for the purpose of reviewing, in depth, the entire tax and public financing system in California, including a comprehensive analysis of methods for reducing the cost of government programs and spending at the state level.

His charge applied to, and was intended to cut across, the operations of all departments in state government to determine those areas where further economies and cost reductions could be made to reduce the heavy tax burden on the people.

He requested that the Task Force utilize existing state resources and ordered all departments to give full cooperation to this activity as a top priority of his administration.

The Governor designated Business and Transportation Agency Secretary Frank J. Walton to act as Chairman of the Task Force Steering Committee.

The Steering Committee, which had the responsibility for guiding the Task Force and monitoring its progress, included as members: Robert C. Walker, Special Assistant to the Governor, John T. Kehoe, Director of the State Department of Consumer Affairs, James E. Jenkins, Assistant to the Governor and Director of Public Affairs, Edwin Thomas, Administrative Officer to the Cabinet, Lawrence R. Robinson, Jr., Director of the State Department of General Services, and H. Herbert Jackson, a member and former chairman of the Little Hoover Commission.

Lewis K. Uhler, then assistant secretary of the Human Relations Agency, was selected to chair the Task Force itself.

Richard E. Kazen, Chief of the Division of Research and Assistance of the State Department of Housing and Community Development, and Charles D. Hobbs, Deputy Director of Operations of the State Department of Social Welfare, also were chosen as full-time Task Force members.

#### The Charge

In addition to its review of the entire state and local public financing system, the Governor asked the Task Force to recommend a plan for reducing the tax burden shouldered by Californians. The Task Force inquiry was structured to include, but not be limited to:

- 1) Ceilings on Taxation and Spending - Explore methods of externally imposing upon state government a limitation on the total tax "take".

2) Reduction of Government Programs - Analyze methods for reducing the cost of governmental programs and spending levels at the state, county, city and special district levels. Attention to be given to the interrelationship with federal programs and spending. Mechanisms to be developed to insure adequate internal incentives to expenditure controls.

3) Tax Refunds to the People - Identify sources of refunds, analyze cash reserve requirements, develop procedures whereby program savings, government efficiencies, etc., can be translated into refunds to the people.

4) Types and Combinations of Taxes - Through the application of proper principles of taxation, identify that combination of state wealth and taxes which will optimize California's competitive position with respect to other states and nations.

5) Education Finance - Explore various alternatives available.

6) Review bonding programs and total indebtedness of California.

7) Review and analyze all other aspects of taxation which the Task Force deems significant.

Consistent with this charge the Task Force devoted a considerable amount of time to working with individual departments and with outside economists who were available for this purpose. To accomplish the charge, people and services were contributed from various departments, on either a full-time or part-time basis, to help achieve these goals.

The expertise which resulted from the efforts of the Task Force made it possible to develop the comprehensive revenue control and tax reduction program which the Governor has offered to the Legislature and the people of California. The project also will result in a wide range of other recommendations to reduce the cost and improve the effectiveness of state government.

#### Task Force Support

A number of operating departments and agencies within the administration, including the Governor's Office, have, at various times, provided assistance to the Task Force members in the form of informational data, temporary personnel, and resources. This is no different from the manner in which other task forces formed by the Governor during the course of the administration have been supported in the past--including those on government efficiency and cost control, welfare reform, public safety, and education. The Governor's ability to effectively utilize the administrative resources of the Executive Branch is essential if he is to meet his responsibilities to solve state problems and innovate new programs to meet public needs.

At the time the Task Force was formed, space was made available by the State Department of General Services. Other departments assisted with supplies, equipment, telephones, travel, etc. Such in-kind equivalents have been provided in the total amount of \$13,588 (see breakdown in exhibit, Page 8).

Two departments made funds available to the Task Force under contract:

State Department of Social Welfare	\$ 30,000
State Department of Housing and Community Development	750

It is important to note that these are administrative funds only. No welfare recipient has been denied any benefit as a result of this support.

Because persons on welfare pay various kinds of taxes--sales, property, excise, etc.--to the extent that the total burden of state taxes is reduced over time through the Governor's Revenue Control and Tax Reduction Program, such recipients will benefit. And, in light of the program's benefits to low income families and individuals, the level of support provided to the Task Force by the Department of Social Welfare seems fully justified.

The Task Force did not possess the accounting/administrative capacity to handle funds and requested assistance. The Health and Welfare Agency responded and established an account for the Task Force in the same department which handled the agency's finances---the State Department of Health Care Services. For the sake of ease and simplicity, current bills of the Task Force have been paid for out of the State Department of Health Care Services revolving fund, subject to reimbursement out of the funds provided by the State Department of Social Welfare and the State Department of Housing and Community Development pursuant to contract.

Various departments loaned or otherwise paid for the personnel costs of individuals who worked full or part time on the Task Force. The approximate value of such loaned or contributed personnel services (estimated through May 15, 1973) is \$116,980, consisting of \$105,652 in salaries plus \$11,328 in personnel administrative overhead.

#### Personnel Expenditures

(Expenditures for salaries, personnel administrative overhead, and travel for the Task Force are as follows)

#### Basic Task Force

The salaries for the following individuals (calculated to May 15, 1973) are set forth below:

Lewis K. Uhler, Special Assistant to the Governor and Special Consultant to the State Department of Human Resources Development, and Chairman of the Tax Reduction Task Force (1-1-72 until 5-31-73).

Responsible for overall management and direction of the Task Force.

\*\*Special Consultant paid out of  
HRD administrative funds.  
\$22,464

Charles D. Hobbs, Special Consultant to the Governor for Tax and Spending Programs (9-1-72 to 11-30-72) and Special Consultant to the State Department of Human Resources Development (12-1-72 to 5-15-73).

Responsible for collection and analysis of data on State tax and spending programs, development of a design for limiting State taxes and spending, analysis of the Unemployment and Disability Insurance Funds, analysis of the State personal income tax, development of incentives for government to reduce costs and control program growth.

\*Funding by Governor's Office  
and HRD administrative funds  
\$23,279

\*Mr. Hobbs served as a full-time member of the Governor's Staff (Special Assistant) from 9-1-72 to 11-30-72, and he was funded out of the Governor's Office budget in the amount of \$7,224. From 12-1-72 to 5-15-73, he was under contract as a consultant to the Department of Human Resources Development and was paid in the amount of \$16,055.

\*/\*\*HRD was and is a major source of much of the State income tax and Unemployment and Disability Fund information needed by the Tax Reduction Task Force. In fact, HRD, which administers the withholding of State income tax, would be the first Department to be affected if the Task Force's recommendations are implemented through approval of Governor Reagan's Revenue Control and Tax Reduction Program. The funding by HRD is entirely appropriate because HRD has had a primary stake in making sure that the Task Force received timely and accurate State income tax data during its deliberations.

Richard E. Kazen, Chief of the Division of Research and Assistance, State Department of Housing and Community Development.

Responsible for task development, work product control, liaison with external resources, etc.

Housing & Community Development  
administrative funds.  
\$16,121

Diane M. Sekafetz, Secretary I, State Department of Human Resources Development (9-1-72 to 5-31-73).

Paid out of HRD administrative  
funds  
\$7,290

#### Additional Assistance

As the work of the Task Force increased, additional assistance was found to be necessary.

The following persons assisted the Task Force on a full-time basis for the periods listed, on loan and supported by their Departments as indicated, to perform the activities described.

Sharon Young, Research Assistant, 10-1-72 to 5-31-73, Governor's Office.  
General research support

\$ 7,800

Wendy Potter, Operations Research Specialist I, State Department of Human Resources Development (10-15-72 to 3-9-73).

Analysis and development of data regarding the incidences of taxes and government expenditure patterns with respect to California families by various income levels.

\$ 2,563

Douglas A. Sloane, Associate Regulations Analyst, State Department of Social Welfare (12-1-72 to 5-15-73).

Administrative support, statistical analysis, report preparation, etc.

\$ 6,259

Linda Miller, Senior Stenographer, State Department of Social Welfare (12-1-72 to 5-15-73).

General secretarial support.

\$ 4,037

Virgil Woods, Associate GPA, State Department of Social Welfare (2-1-73 to 5-15-73).

Research evaluation and recommendations with respect to Unemployment Insurance, Disability Insurance contingency funds, State personal income tax, revenue sharing, etc.

\$ 4,389

Richard Piper, Associate Management Auditor, State Department of Finance (2-1-73 to 4-6-73).

Fiscal, budgetary and statistical research providing data for the tax limitation plan legislation.

\$ 2,822

Linda Bernheim, Supervising EDP Analyst, State Department of Social Welfare (11-1-72 to 5-15-73).

Analyze Federal, State and local revenue and expenditure data for California and other states and assist with projections and projection models.

\$ 6,828

In addition to the salaries, there is an allocated cost of 12 percent for personnel administrative overhead which amounts to \$11,328. This overhead includes such items as State contributions to the Employee Retirement System, group medical insurance, vacation and sick leave allowance, etc.

Travel expended by the above individuals totals approximately \$8,000, paid from the following sources: \$2,084, Housing & Community Development in-kind contribution; \$1,300, Human Resources Development contract #73004457; \$500, Governor's Office; and \$4,116 from the \$30,750 fund in Health Care Services.

#### Advisors and Consultants

Immediately upon commencement of the Task Force activities, the need for consultants and advisors to the Task Force was evident. Some of those persons who volunteered their assistance to the Task Force are:



Armen Alchian, Ph.D., Professor of Economics, UCLA;  
 Martin Anderson, Ph.D., Senior Fellow (Public Policy), The Hoover  
 Institution on War, Revolution and Peace, Stanford;  
 Patrick M. Boorman, Ph.D., Director of Research, Center for Interna-  
 tional Business (affiliate of Pepperdine College), Los Angeles;  
 James Buchanan, Ph.D., Economist, Chairman of Center for Study of  
 Public Choice, Virginia Polytechnic Institute and State University,  
 Blacksburg;  
 Glenn Campbell, Ph.D., Director of The Hoover Institution on War,  
 Revolution and Peace, Stanford;  
 Harold Demsetz, Ph.D., Professor of Economics, UCLA;  
 Phoebus Dhrymes, Ph.D., Professor of Economics, UCLA;  
 Peter Drucker, Ph.D., Management Consultant, Member of the Faculty of  
 Claremont Graduate School, Claremont;  
 Milton Friedman, Ph.D., Professor of Economics, University of Chicago;  
 Jay Tontz, Ph.D., Chairman, Economics Department, California State  
 University at Hayward;  
 Norman Ture, Ph.D., Tax Consultant and Economist, Washington, D.C.

In addition, the services of outside consultants and specialists were required by the Task Force. The following persons were retained under contract to the Task Force. These contracts were reimbursable from the \$30,000 in Department of Social Welfare administrative funds described above.

Neil Bersch, CPA, Senior Partner, Touche, Ross & Co.

Mr. Bersch reviewed the Unemployment Insurance Fund, personal income tax structure and the general budgetary and accounting process within the State. Total amount of the contract, covering expenses only, not to exceed

\$ 500  
 (claimed as of 5-1-73, \$410.90)

Jeffrey Davis, Consultant, California Research Consultants.

Mr. Davis assisted with the development of the Revenue Control and Tax Reduction Program. Total amount of the contract, covering expenses and compensation for a five-month period, not to exceed

\$ 5,000  
 (claimed as of 5-1-73, \$4,980.50)

Roger Freeman, Ph.D., Senior Fellow, Hoover Institution on War, Revolution and Peace.

Dr. Freeman provided consultation on, and analysis, of education finance and management; assisted with design and development of the Revenue Control and Tax Reduction Program. Total amount of the contract, covering expenses and compensation, not to exceed

\$ 2,500  
 (claimed as of 5-1-73, \$2,500)

Jeanette May, graduate student, University of California, Davis.

Miss May provided statistical analysis with respect to State and local taxation, past, present and future, State and local expenditures, budget analysis and tax limitation analysis. Total amount of contract, covering expenses and compensation, not to exceed

\$ 1,560  
 (claimed as of 5-1-73, \$760.50)

William Niskanen, Ph.D., Professor, Graduate School of Public Policy, University of California, Berkeley.

Professor Niskanen provided advice and consultation regarding the Revenue Control and Tax Reduction Program, the State personal income tax, analysis of personnel incentives and motivation and Federal/State tax/spending relationships. Total amount of contract, covering expenses only, not to exceed

\$ 500  
(claimed as of 5-1-73, none)

W. Craig Stubblebine, Ph.D., Professor of Economics, Claremont Graduate School.

Prof. Stubblebine provided advice and consultation regarding the Revenue Control and Tax Reduction Program, analysis of State personal income tax and other specific assignments as designated by the Task Force Chairman. Total amount of contract, covering expenses and compensation, not to exceed

\$ 2,000  
(claimed as of 5-1-73, \$2,000)

### Conclusion

The pooling of resources from the administrative budgets of the departments of state government to provide for task forces to deal with special research and problem solving efforts is a necessary and proper function of the Executive Branch in the management of our state government. The use of such task forces for priority projects has been an innovative approach used by this Administration for the benefit of all Californians.

APPROXIMATE TOTAL SUPPORT OF  
TAX REDUCTION TASK FORCE

	<u>\$</u>	<u>IN KIND</u>	<u>PERSONNEL*</u>
Business & Transportation Agency (Dept. of Housing & Community Development)	\$ 750	\$ 2,444	\$ 16,121
Health and Welfare Agency (Social Welfare, Human Resources Development)	30,000	2,700	71,185**
Agriculture and Services Agency (Dept. of General Services)	-0-	7,044	-0-
Resources Agency	-0-	-0-	-0-
Governor's Office	-0-	500	15,524
Department of Finance	-0-	-0-	2,822
	<hr/>	<hr/>	<hr/>
Total	\$30,750	\$13,588	\$105,652
Personnel administrative overhead			11,328
			<hr/>
		GRAND TOTAL	\$161,318

\*It is impossible to calculate precisely the value of contributed time. Many individuals assisted the Task Force during evenings and on weekends, as well as during the regular workday. The figures set forth in the "Personnel" column are good-faith estimates.

\*\*Includes \$1,300 in travel costs claimed under HRD Contract #73004457.

5-23-73